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Advanced Education and Technology

Public Post-Secondary Institutions Audited Financial Statements

Public Colleges and Technical Institutes for the year ended June 30, 2009

Government of Alberta

Audited financial statements of the public post-secondary institutions are available on Advanced Education and Technology's website:

aet.alberta.ca/post-secondary/campusalberta/accountability.aspx

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Public Post-Secondary Institutions
Audited Financial Statements

Table of Contents

Public Colleges and Technical Institutes – Year ended June 30, 2009

Technical Institutes – Year ended June 30, 2009

Alberta College of Art and Design

Financial Statements

June 30, 2009

ALBERTA COLLEGE OF ART AND DESIGN

FINANCIAL STATEMENTS

JUNE 30, 2009

Auditor's Report

To the Board of Governors of Alberta College of Art and Design

I have audited the statement of financial position of the Alberta College of Art and Design as at June 30, 2009 and the statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
October 22, 2009

ALBERTA COLLEGE OF ART AND DESIGN
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2009

		2009		2008
ASSETS				
Current:				
Cash and cash equivalents (Note 3)	$	11,288,925	$	9,494,805
Accounts receivable and prepaid expenses		194,075		490,022
Inventories		543,866		561,835
		12,026,866		10,546,662
Non-current:				
Investments (Note 3)		2,804,283		2,899,710
Capital contributions receivable (Note 17)		446,470		500,632
Capital assets (Note 5)		4,463,497		4,596,484
	$	19,741,116	$	18,543,488
LIABILITIES				
Current:				
Accounts payable	$	1,057,984	$	1,092,705
Obligation under capital lease (Note 7)		24,851		22,775
Unearned tuition fees		354,275		275,479
Deferred contributions (Note 8)		5,751,211		4,555,690
Accrued vacation		719,182		833,862
		7,907,503		6,780,511
Non-current:				
Obligation under capital lease (Note 7)		114,173		29,075
Employment benefit liabilities (Note 15)		29,969		29,969
Unamortized deferred capital contributions (Note 10)		3,584,788		3,766,898
Deferred capital contributions (Note 9)		446,470		519,069
		12,140,445		11,125,522
Net assets:				
Unrestricted				
Accumulated excess of revenue over expenses		2,842,318		2,125,904
Accumulated net unrealized gain on investments		57,201		67,017
Internally restricted (Note 11)		1,744,716		2,310,162
Invested in capital assets		740,305		777,736
Endowments (Note 12)		2,273,673		2,137,147
		7,658,213		7,417,966
	$	19,741,116	$	18,543,488

The accompanying notes are part of these financial statements.

ALBERTA COLLEGE OF ART AND DESIGN
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2009

	2009		2008
	BUDGET	ACTUAL	ACTUAL
Revenue:			
Grants	$ 11,362,295	$ 12,423,078	$ 11,210,028
Tuition fees	4,909,960	4,768,956	4,627,213
Extended studies	870,406	853,728	833,331
Bookstore sales	740,000	757,483	728,073
Sales, rentals, and services	159,700	294,486	267,305
Donations and fundraising events	255,900	435,059	882,882
Scholarships	205,000	199,181	152,863
Investment income (Note 4)	380,000	276,580	446,586
Earned capital contributions (Note 10)	806,000	862,842	774,465
	19,689,261	20,871,393	19,922,746
Expenses: (Note 13)			
Salaries and benefits (Note 14)	12,591,130	12,752,908	12,431,684
Supplies and services	4,984,342	5,253,737	4,852,286
Bookstore – cost of sales	416,700	484,304	380,028
Fundraising and other projects	353,060	506,600	990,947
Scholarships	302,328	270,325	200,061
Amortization of capital assets	986,000	1,207,360	1,042,621
	19,633,560	20,475,234	19,897,627
Excess of revenue over expense for the year	$ 55,701	$ 396,159	$ 25,119

The accompanying notes are part of these financial statements.

ALBERTA COLLEGE OF ART AND DESIGN
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

	2009						2008
	Unrestricted Net Assets	Accumulated Net Unrealized Gain on Investments	Internally Restricted Net Assets (Note 11)	Investment in Capital Assets	Restricted for Endowment Purposes (Note 12)	Total Net Assets	Total Net Assets
Net assets, beginning of year	$ 2,125,904	$ 67,017	$ 2,310,162	$ 777,736	$ 2,137,147	$ 7,417,966	$ 7,338,805
Excess of revenue over expense	396,159	-	-	-	-	396,159	25,119
Expenditure of Internally Restricted Net Assets	90,045	-	(372,667)	-	-	(282,622)	-
Endowment contributions and capitalized interest (Note 12)	-	-	-	-	191,959	191,959	113.350
Internally funded:							
Purchase of capital assets	(55,342)	-	(192,779)	248,121	-	-	-
Amortization of capital assets	285,552	-	-	(285,552)	-	-	-
Decrease in net unrealized gain on investments	-	(9,816)	-	-	(55,433)	(65,249)	(59,308)
Increase (decrease) in net assets	716,414	(9,816)	(565,446)	(37,431)	136,526	240,247	79,161
Net assets, end of year	$ 2,842,318	$ 57,201	$ 1,744,716	$ 740,305	$ 2,273,673	$ 7,658,213	$ 7,417,966

The accompanying notes are part of these financial statements.

ALBERTA COLLEGE OF ART AND DESIGN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

	2009	2008
Operating activities:		
Excess of revenue over expense	$ 396,159	$ 25,119
Non-cash transactions:		
Earned capital contributions (Note 10)	(862,842)	(774,465)
Amortization of capital assets	1,207,360	1,042,621
	740,677	293,275
Changes in non-cash working capital:		
Accounts receivable and prepaid expenses	295,947	(12,277)
Inventories	17,969	(32,833)
Accounts payable	(34,720)	159,398
Unearned tuition fees	78,796	(50,412)
Deferred Contributions	1,361,822	1,929,684
Accrued Vacation	(114,680)	62,077
	1,605,134	2,055,637
Cash generated from operating activities	2,345,811	2,348,912
Investing activities:		
Purchase of capital assets:		
Internally funded	(248,121)	(306,331)
Externally funded	(680,732)	(460,010)
Debt funded	(106,453)	(12,830)
(Increase) decrease in non-current cash and investments	(136,124)	598,530
Cash used in investing activities	(1,171,430)	(180,641)
Financing activities:		
Decrease in capital contributions receivable	54,162	143,959
Capital contributions received, net of transfers	328,162	(123,698)
Increase in long term lease	68,231	12,830
Payment on capital lease	(22,775)	(21,921)
Increase in other payables	-	832
Endowment contributions	191,959	113,350
Cash provided from financing activities	619,739	125,352
Net increase in cash and cash equivalents	1,794,120	2,293,623
Cash and cash equivalents, beginning of year	9,494,805	7,201,182
Cash and cash equivalents, end of year	$ 11,288,925	$ 9,494,805

The accompanying notes are part of these financial statements.

ALBERTA COLLEGE OF ART AND DESIGN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

Note 1 Authority and Purpose

The Alberta College of Art and Design ("the College") operates under the authority of the *Post Secondary Learning Act*, Statutes of Alberta 2003, Chapter P-19.5. The College is a registered charity and is exempt from payment of income tax.

The College is a public institution for education in visual arts, design and digital media that delivers both post-secondary degree and diploma programs, and adult and children's continuing education programming.

The College promotes cultural and artistic awareness in the College and the community through art exhibitions, public lecture programs and its collection of visual art and library resources.

Note 2 Summary of Significant Accounting Policies

a) General

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these financial statements requires the use of estimates which may vary from actual results. The following accounting policies and reporting practices are considered significant.

b) Inventories

Inventories held for resale are valued at the lower of cost and net realizable value. Inventories held for consumption are valued at the lower of cost and replacement value. Cost is determined using the first in, first out method.

c) Capital Disclosures

Effective July 1, 2008 the College adopted CICA 1535: Capital Disclosures. The new standard requires the entity to disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and procedures for managing capital. The new note disclosure is as follows:

Note 2 Summary of Significant Accounting Policies (continued)

c) Capital Disclosures (continued)

The College defines its capital as amounts invested in capital assets (Note 5), and the amounts included in deferred capital contributions (Note 9). A significant portion of the College's capital is externally restricted and funded primarily by Alberta Advanced Education and Technology. The College has investment policies, operations and capital budgets approval authority policies and cash management procedures to ensure the College can meet its capital obligations.

In accordance with the Post-Secondary Learning Act, the College must receive ministerial approval for deficit budget, borrowing and the sale of any land or buildings.

d) Capital Assets

The land and building which house the College are owned by the Southern Alberta Institute of Technology (the "Institute") and are occupied by the College under a facility license granted by the Institute. The term of the license is through a renewable contractual agreement between the College and the Institute determined at the pleasure of the Minister of Advanced Education and Technology.

The facility license providing the right to use the building has been recorded as an asset at fair value at the time the license was granted. Fair value is estimated as the building's amortized replacement cost based on an independent appraisal as at April 1982.

Subsequent additions to the facility are recorded as leasehold improvements at cost.

Furnishings and equipment are recorded at cost, except for donated assets which are recorded at fair value.

Note 2 Summary of Significant Accounting Policies (continued)

d) Capital Assets (continued)

Capital assets, except for the artwork collection, are amortized on a straight-line basis over the following periods:

Facility license	28 years
Leasehold improvements	remaining life of the building
Furniture and equipment	5 years
Computer systems	10 years

Assets under capital lease are amortized on a basis that is consistent with the above.

Capital assets under construction are not amortized until construction is substantially complete and assets are ready for productive use.

The artwork collection is made up of numerous pieces of art that are held for display in the College and used for educational purposes. The pieces in the collection are recorded at the purchase price or at the appraised value at the time of donation and are not amortized.

e) Revenue Recognition

Unrestricted contributions and unrestricted investment income are recognized in the period when received or receivable.

Unrealized gains and losses on available-for-sale investments attributed to unrestricted net assets are recorded in the statement of changes in net assets and recognized in the statement of operations when realized. Unrealized gains and losses on available-for-sale investments attributed to endowments are recorded in deferred contributions or endowments in accordance with the restrictions on investment income.

Externally restricted non-capital contributions including investment income are deferred and recognized as revenue in the period in which the related expenses are incurred. Externally restricted amounts can only be used for purposes designated by the contributor.

Amounts received for fees and sale of goods and services are recognized as revenue at the time the goods are delivered or the services are provided.

Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

Note 2 Summary of Significant Accounting Policies (continued)

e) Revenue Recognition (continued)

Externally restricted contributions containing stipulations that the amounts should be retained as net assets or that the contributions should not be expended are recorded as direct increases in net assets. Such stipulations would include contributions made for endowment purposes or to be used to acquire non-amortizable property.

Externally restricted capital contributions and interest are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized deferred capital contributions. Unamortized deferred capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

Pledges are recognized as revenue when collected.

f) Employee Future Benefits

The College participates with other employers in the Local Authorities Pension Plan (the "Pension Plan"). This Pension Plan is a multi-employer defined benefit pension plan that provides pensions for the College's participating employees based on their years of service and earnings. Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year based on rates which are expected to provide for benefits payable under the pension plan. The College's portion of the pension plan's surplus or deficit is not recorded by the College.

The College's Board of Governors has approved early retirement and voluntary severance plans which provide employees leaving the employment of the College under specific conditions with bridge payments, lump sum payments in lieu of benefits or continued benefits for specific periods. The bridge payments, lump sum benefit payments and liabilities for future benefit payments are recorded by the College in the year the retirement application is approved.

The College pays or shares the premiums for certain benefits for employees on long term disability. The present value of the estimated costs of these premiums are recorded at the time the College becomes obligated under the plan.

The College accrues a supplemental annual retiring allowance and benefit that will be paid to the President upon retirement, resignation, or end of term.

Note 2 Summary of Significant Accounting Policies (continued)

g) Financial Instruments

The College follows the provisions of CICA handbook section 3855 "Financial Instruments, Recognition and Measurement" and section 3861 "Financial Instruments – Disclosure and Presentation". The College does not use hedge accounting and accordingly, is not impacted by the requirement of section 3865 "Hedges". As permitted for not-for-profit organizations, the College has elected not to apply the standards for embedded derivatives in non-financial contracts.

These standards require the College to value certain financial assets and liabilities at fair value at each report date.

Investments are recorded at fair market value. They are initially recognized at acquisition cost and subsequently re-measured at fair value at each reporting date.

In accordance with the standards, the College's financial instrument assets and liabilities are classified and measured as follows:

Financial Statement Components	Classification	Measurement
Cash and cash equivalents	AFS	Fair value
Investments	AFS	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Other long-term assets	Loans and receivables	Amortized cost
Accounts payable	Other liabilities	Amortized cost
Long-term liabilities	Other liabilities	Amortized cost

Other long-term assets include a related party receivable from SAIT pertaining to a government grant for building repair and maintenance.

The College's financial instruments are recognized on their trade date. The transactions costs related to all investment financial instruments are included in the carrying value.

Note 2 Summary of Significant Accounting Policies (continued)

g) Financial Instruments (continued)

The College's financial instruments are explosed to credit risk, interest rate risk, foreign exchange risk and market risk. The credit risk for accounts receivable is relatively low as the majority of balances are due from government agencies. Credit risk from tuition is managed through restricting enrolment activities for students with delinquent balances and maintaining standard collection procedures. Interest rate risk is the risk to the College's earnings that arises from the fluctuations in interest rates and the degree of volatility of these rates. Foreign exchange risk is the risk of the rising cost related to purchase transactions in United States Currency, and the reduction of amount collected for receivables which are due in United States Currency. Market risk is the risk to the College's earnings that arises from the fluctuations and the degree of volatility in the market value of long-term investments. Each of these risks are limited through the College's collection procedures, investment guidelires and other internal policies, guidelines and procedures.

Note 3 Cash, Cash Equivalents and Investments, Current and Non-Current

The Board of Governors, through its Finance and Audit Committee, monitors the performance of the investment portfolio. Under the investment policy, the prime objectives of the investment fund are to generate income and to preserve the purchasing power of donated capital. The prime constraints that guide the investment policy are risk aversion and liquidity.

Cash, short-term investments and long-term investments are recorded at market value, with unrealized gains or losses recorded in deferred contributions or net assets. Market value is based upon the quoted market price of the securities.

Realized return includes interest income and gains and losses on disposals of investments. In 2009, the cash, cash equivalents and investments obtained a realized return of 1.38% (2008: 3.70%)

Note 3 Cash, Cash Equivalents and Investments, Current and Non-Current (continued)

Investments are currently held as money market, bond and equity pooled funds managed through an investment advisor. Cash, cash equivalents and investments are summarized as follows:

	2009		2008	
	Market	Cost	Market	Cost
Cash:	$ 10,761,390	$ 10,761,390	$ 8,944,314	$ 8,944,314
Pooled funds:				
Accrued income	63,964	63,964	76,000	76,000
Bond fund	1,203,382	1,089,467	1,140,020	1,052,771
Pooled equity fund	2,064,472	2,077,504	2,234,181	1,988,995
Total cash and investments	14,093,208	13,992,325	12,394,515	$ 12,062,080
Held as non-current assets	2,804,283		2,899,710	
Held as current assets	$ 11,288,925		$ 9,494,805	

The Bond Fund consists of Canadian government and corporate bonds with an average term to maturity of 7.72 years (2008: 8.62 years) and an average yield to maturity of 4.86% (2008: 4.43%). Bonds are rated at a minimum level of BBB with 41.7% of the Fund rated as AAA.

Bond maturities are as follows:

	2009	2008
Under 1 year	0 %	0 %
1-5 years	51	45
5-10 years	25	30
10-20 years	21	3
Over 20 years	3	22
	100 %	100 %

Bonds are outstanding by the following types of issuers:

	2009	2008
Federal	33 %	34 %
Provincial	26	26
Municipal	3	4
Corporate	38	36
	100 %	100 %

The Balanced Institutional Pooled Fund is a balanced fund of bond and equity investments. During 2008-2009 the Fund lost 2.67% (2008: gained 1.22%).

Note 3 Cash, Cash Equivalents and Investments, Current and Non-Current (continued)

The Balanced Institutional Pooled Fund held the following types of investments at June 30:

	2009	2008
Canadian Short and Long-term bonds	63 %	36 %
Canadian Equities	15	27
United States Equities	9	15
International Equities	11	18
Small Cap Global	2	4
	100 %	100 %

Cash and investments held as non-current represent funds not available for current operations.

	2009	2008
Endowments (Note 12)	$ 2,262,752	$ 2,137,147
Deferred capital contributions (Note 9)	446,470	519,069
Less funds held by SAIT (Note 17)	(446,470)	(500,632)
Internally restricted for capital (Note 11)	484,330	677,109
Unrealized gain on unrestricted net assets	57,201	67,017
	$ 2,804,283	$ 2,899,710

Note 4 Investment Income

	2009	2008
Total investment income earned	$ 356,140	$ 525,745
Amount capitalized to endowments (Note 12)	(19,948)	(32,616)
Deferred contributions, net (Note 8)	(59,612)	(46,543)
Investment income	$ 276,580	$ 446,586

Note 5 Capital Assets

	2009			2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Facility lease	$ 12,207,000	$ 10,463,236	$ 1,743,764	$ 2,179,705
Furniture and equipment	4,561,564	3,874,372	687,192	662,040
Leasehold improvements	4,241,746	2,599,880	1,641,866	1,350,485
Computer systems	633,973	613,615	20,358	33,937
Art collection	370,317	-	370,317	370,317
	$ 22,014,600	$ 17,551,103	$ 4,463,497	$ 4,596,484

Included in Furniture and Equipment are assets under capital lease that have a cost of $141,801 (2008: $108,108) and accumulated amortization of $3,401(2008: $58,032).

Note 6 Contractual Obligations

The College leases office equipment under operating leases that expire on various dates to 2014. Future minimum lease payments are as follows.

2010	$	6,657
2011		3,449
2012		2,380
2013		2,380
2014		793
	$	15,659

Note 7 Lease Obligation

The College has entered into capital leases with interest rates ranging from 3.7% to 8.15% (2008: 3.70% to 4.14%). During 2009 the College retired some of the lease that where due to expire in 2010 and acquired new office equipment under leases that will expire in 2014. The College still has one existing lease that will expire in 2011. Future minimum lease payments are as follows:

	2009	2008
Capital lease obligation	$ 139,024	$ 51,850
Less: current portion	(24,851)	(22,775)
Non-current capital lease obligation	$ 114,173	$ 29,075

The minimum annual payments under the capital lease obligation are as follows:

2009-2010	$ 33,455
2010-2011	31,980
2011-2012	31,980
2012-2013	31,980
2013-2014	31,980
Total minimum lease payments	161,375
Less: amounts representing interest	(22,351)
Capital lease obligation	$ 139,024

During the year, interest on the capital lease obligation amounting to $1,081 (2008: $1,933) has been charged to expense.

Note 8 Deferred Contributions

Deferred contributions represent unspent contributions externally restricted for non-capital purposes.

	2009	2008
Contributions received during the year:		
Grants	$ 2,232,495	$ 1,224,073
Donations	778,332	1,441,730
Restricted investment income	59,612	97,848
	3,070,439	2,763,651
Transferred (to) from:		
Endowments	(18,412)	-
Scholarships	4,775	-
Deferred capital contributions (Note 9)	-	123,698
Unamortized deferred capital contributions (Note 10)	(334,133)	-
	(347,770)	123,698
Transferred to revenue:		
Grants	(1,106,125)	(482,314)
Donations	(55,541)	(271,182)
Scholarships	(199,181)	(152,863)
Investment income	-	(51,305)
	(1,360,847)	(957,664)
Increase during the year	1,361,822	1,929,685
Deferred contributions relating to operations, beginning of year	4,356,627	2,426,942
Deferred contributions relating to operations, end of year	5,718,449	4,356,627
Deferred contributions unrealized gain on investments		
Unrealized gain on investments, beginning of year	199,063	276,037
Change in unrealized gain on investments relating to deferred contributions	(166,301)	(76,974)
Unrealized gain on investments, end of year	32,762	199,063
Total deferred contributions, end of year	$ 5,751,211	$ 4,555,690
The balance consists of funds restricted for:		
Scholarships and bursaries	$ 947,785	$ 1,107,837
Other projects	4,770,664	3,248,790
Unrealized gain on investments	32,762	199,063
	$ 5,751,211	$ 4,555,690

Note 9 Deferred Capital Contributions

Deferred capital contributions represent unspent funds externally restricted for capital purposes.

	2009	2008
Capital contributions received during the year:	$ 274,000	$ -
Transferred to deferred contributions (Note 8)	-	(123,698)
Increase (decrease) during the year	274,000	(123,698)
Transferred to:		
Unamortized deferred capital contributions (Note 10)	(346,599)	(460,010)
Decrease during the year	(72,599)	(583,708)
Deferred capital contributions, beginning of year	519,069	1,102,777
Deferred capital contributions, end of year	$ 446,470	$ 519,069

Note 10 Unamortized Deferred Capital Contributions

Unamortized deferred capital contributions represent the externally funded portion of capital assets, which will be recognized as earned capital contributions in future periods. Changes in the unamortized deferred capital contributions balance are as follows:

	2009	2008
Balance at beginning of year	$ 3,766,898	$ 4,081,353
Add:		
Transfers from deferred capital contributions (Note 9)	346,599	460,010
Transfers from deferred contributions (Note 8)	334,133	-
Less: amount earned and transferred to revenue	(862,842)	(774,465)
Balance, end of year	$ 3,584,788	$ 3,766,898

Note 11 Internally Restricted Net Assets

The Board of Governors has placed internal restrictions on net assets as follows:

	2009			
	Opening	Expended	Appropriations	Closing
Non capital:				
Human resource infrastructure	$ 328,223	$ 184,833	$ 350,000	$ 493,390
Scholarship top-up funds	32,397	16,580	-	15,817
Information technology	180,000	87,357	-	92,643
Marketing and recruitment	43,912	-	-	43,912
Utilities	89,500	-	-	89,500
Health + Safety program	132,005	44,760	-	87,245
Accreditation	42,804	1,100	-	41,703
Website development & maintenance	31,329	7116	-	24,213
Community relations	150,000		(100,000)	50,000
Special initiatives	254,509	30,921	(150,000)	73,588
College expansion initiative	39,443		-	39,443
Centre for creative process	150,000	-	(100,000)	50,000
Institutional branding	8,931	-	-	8,931
Internationalization	50,000	-	-	50,000
Awards	100,000		-	100,000
	1,633,053	372,667	-	1,260,386
Capital:				
Security and safety	149,670	134,381	-	15,289
Heating, ventilation, and air conditioning	150,000	33,242	-	116,758
Wireless facility infrastructure	64,478	25,156	-	39,322
Equipment renewal plan	290,532		-	290,532
Administrative system applications	22,429	-	-	22,429
	677,109	192,779		484,330
	$ 2,310,162	$ 565,446	$ -	$ 1,744,716

Note 12 Endowments

Endowments consist of restricted donations to the College, the principal of which is not to be spent. The investment earnings generated from the endowments must be used in accordance with the various purposes established by the donors.

	2009	2008
Balance, beginning of year	$ 2,070,793	$ 1,957,443
Contributions received	172,011	80,734
Capitalized investment income (Note 4)	19,948	32,616
Endowment contributions and capitalized interest	191,959	113,350
	2,262,752	2,070,793
Unrealized gain on investments, beginning of year	66,354	92,012
Change in unrealized gain on investments	(55,433)	(25,658)
Unrealized gain on investments, end of year	10,921	66,354
Balance, end of year	$ 2,273,673	$ 2,137,147

Note 13 Expense by Function

	2009	2008
Expense:		
Instruction	$ 6,872,537	$ 6,744,893
Institutional support	5,522,197	5,569,289
Academic support	3,975,188	3,948,694
Student services	1,771,523	1,515,895
Bookstore	797,396	679,718
Minor capital projects and repairs	329,033	396,517
Amortization of capital assets	1,207,360	1,042,621
	$ 20,475,234	$ 19,897,627

Instruction encompasses all educational and instructional programs, including credit programming and continuing education. Academic support includes all activities that directly support instruction, including library, woodshop, gallery and academic administration. Student services include all activities or services provided to students.

Institutional support includes all activities that provide institution-wide administrative and clerical support to institutional operations as well as college fundraising, communications and development expense.

Bookstore includes cost of sales and direct bookstore operations costs. Direct salary costs incurred for the College bookstore include support for college wide purchase, receipt and distribution of all materials for instructional, operational and retail purposes.

Note 14 Salaries and Benefits

Directive 12/98 (amended June 13, 2007) from the Treasury Board of the Province of Alberta requires the College to disclose certain salaries and benefits. Those salaries and benefits are as follows:

	2009				2008
	Base Salary (1)	Other Cash Benefits (2)	Other Non-Cash Benefits (3)	Total	Total
Governance (5)					
Chair of Board of Governors	$ -	$ -	$ -	$ -	$ 717
Members of Board of Governors	-	721	-	721	7,883
Executive					
President	225,000	109,985	29,991	364,976	292,056
Vice President Academic (4)	114,623	2,100	16,375	133,098	145,638
Provost & Vice President Research and Academic (6)	22,883	600	3,680	27,163	-
Vice President Finance and Corporate Services	130,135	2,400	21,763	154,298	145,685
Director Human Resources	97,872	-	17,462	115,334	108,524
Vice President Student Experience & Admission(4)	16,375	300	1,881	18,556	-
Director Communications (7)	59,769	-	11,238	71,007	-

1. Base salary includes pensionable base pay and retroactive pay increases.

2. Other cash benefits include honoraria, housing allowance, vehicle allowance, bonuses, retirement allowances and vacation payouts.

3. Other non-cash benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including Local Authorities Pension, Employment Insurance, Canada Pension Plan, health care, extended health, vision and dental coverage, group life insurance, accidental disability and dismemberment, workers' compensation, employee assistance, and the supplemental annual retiring allowance and benefit for the President.

4. The Vice President Academic was transitioned to the role of Vice President Student Experience and Admissions effective May 15, 2009

5. The majority of the 12 College Board members do not accept honoraria from the College. For 2009 an amount of $8,600 was set aside for Board Honoraria. Only $721 of this was claimed by Board members during the year.

6. The Provost & Vice President Research and Academic position was effective May 12, 2009.

7. The Director of Communications was hired on October 20, 2008.

Note 15 Employee Future Benefits

The College's Board of Governors has provided provisions for group benefit contributions for College employees.

The College participates in a multiemployer pension plan, the Local Authorities' Pension Plan. The expense for the plan is $704,757 for the year ended June 30, 2009 (2008: $627,573). At December 31, 2008 the Local Authorities' Pension Plan reported a deficiency of $4,413,971,000 (2007: $1,183,334,000)

Note 16 Contingent Liabilities

The College has no contingent liabilities at June 30, 2009.

Note 17 Related Party Transactions

a) Province of Alberta

The College is a Provincial Corporation as all members of the Board of Governors are appointed by a combination of orders by the Lieutenant Governor in Council and the Minister of Advanced Education and Technology. Transactions between the College and the Province are disclosed as follows:

	2009		2008	
	Revenue	Deferred Contributions and UDCC *	Revenue	Deferred Contributions and UDCC *
Grants	$ 12,237,491	$ 4,227,478	$ 11,054,537	$ 2,511,567

* Unamortized deferred capital contributions.

b) Southern Alberta Institute of Technology

The land and building which house the College are owned by the Southern Alberta Institute of Technology (the "Institute") and are occupied by the College under a facility license granted by the Institute and continuing occupancy at the pleasure of the Minister of Advanced Education and Technology. The College and the Institute are parties to letters of agreement for the provision of utilities, maintenance and systems support. Amounts paid or payable to the Institute in 2009 for these purposes totalled $1,353,438 (2008: $1,196,498).

The Institute received grants of $ 274,000 (2008: $0) from the province that are designated for the building occupied by the College. The Institute still holds $446,470 (2008: $500,632) of government grant funds that are to be used for the building envelope and utilities infrastructure. The amount has been recorded as a capital contribution receivable. These transactions were entered into on the same business terms as with non-related parties and are recorded at fair value.

c) Bow Valley College

The College and Bow Valley College collaborate in offering Artstream, a base funded program, which provides academic upgrading and foundation art courses to students in preparation for entry into the College's diploma or degree programs. Amounts received or receivable from Bow Valley College in 2008-2009 for these purposes totalled $64,707 (2007-2008: $63,653). These amounts represent the costs of tuition and processing fees, plus fees for City of Calgary Universal Transit Pass, SAIT campus access, Student Association and Student Network Access on a student by student basis.

Note 18 Budget

The College's Board of Governors approved the operating budget at the May 28, 2008 Board Meeting.

Note 19 Approval of Financial Statements

These financial statements will be submitted to the Board of Governors at the October 28, 2009 meeting of the Board for review and approval.

Bow Valley College

Financial Statements

June 30, 2009

BOW VALLEY COLLEGE

FINANCIAL STATEMENTS

JUNE 30, 2009

Auditor's Report

To the Board of Governors of Bow Valley College

I have audited the statement of financial position of the Bow Valley College as at June 30, 2009 and the statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
October 16, 2009

BOW VALLEY COLLEGE

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2009

	2009	2008
Assets		
Current:		
Cash and cash equivalents (Note 4)	$ 23,775,988	$ 15,290,696
Accounts receivable	3,639,855	2,908,488
Inventories (Note 5)	634,327	809,926
Prepaid expenses	450,696	540,853
	28,500,866	19,549,963
Non-current cash and investments (Note 4)	109,143,110	50,363,828
Long-term accounts receivable	1,258,300	1,258,300
Capital assets (Note 7)	113,320,437	86,575,955
	$ 252,222,713	$ 157,748,046
Liabilities and Net Assets		
Current:		
Accounts payable and accrued liabilities	$ 11,517,520	$ 9,704,198
Deferred contributions (Note 8)	5,881,952	3,663,481
Unearned revenue (Note 12)	3,076,727	2,337,424
Accrued vacation pay	2,765,393	2,249,550
	23,241,592	17,954,653
Other long-term liabilities (Note 7)	262,914	352,054
Unamortized deferred capital contributions (Note 10)	88,743,856	63,005,487
Deferred capital contributions (Note 9)	83,993,945	29,849,624
	196,242,307	111,161,818
Net assets:		
Unrestricted	6,218,877	5,138,729
Internally restricted (Note 23)	23,505,024	19,512,051
Invested in capital assets (Note 22)	24,576,581	20,902,486
Endowments (Note 3)	1,679,924	1,032,962
	55,980,406	46,586,228
	$ 252,222,713	$ 157,748,046

The accompanying notes are part of these financial statements.

BOW VALLEY COLLEGE

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2009

	2009	2008
Revenue:		
Provincial government contributions and grants (Note 18)	$ 33,642,787	$ 29,023,595
Tuition fees	13,502,438	12,068,456
Entrepreneurial contracts and other grants (Note 13)	13,700,663	11,483,726
Ancillary and other services (Note 14)	1,597,713	1,341,272
Investment income (Note 15)	924,825	1,519,486
Donations, contributions, and fundraising	1,195,768	1,060,596
Amortization of deferred capital contributions (Note 10)	1,462,210	1,430,647
	66,026,404	57,927,778
Expense:		
Compensation and benefits	41,772,167	35,454,437
Supplies and services (Note 17)	15,085,442	14,117,755
Amortization of capital assets	1,943,195	1,965,006
Cost of goods sold (Note 6)	1,080,456	843,688
Scholarship and bursaries	618,340	660,212
Loss on disposal of capital assets	8,957	1,825
	60,508,557	53,042,923
Excess of revenue over expense	$ 5,517,847	$ 4,884,855

The accompanying notes are part of these financial statements.

BOW VALLEY COLLEGE

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2009

	2009					2008
	Unrestricted	Internally Restricted (Note 23)	Invested in Capital Assets (Note 22)	Endowments (Note 3)	Total	Total
Excess of revenue over expense	$ 5,517,847	$ -	$ -	$ -	$ 5,517,847	$ 4,884,855
Net assets restricted by the Board:						
Facilities improvement	(4,000,000)	4,000,000	-	-	-	-
Special initiatives fund	-	-	-	-	-	-
College technology plan	-	-	-	-	-	-
Board of Governors' scholarship	(4,974)	4,974	-	-	-	-
Academic excellence scholarship and endowment	(60,710)	(12,001)	-	72,711	-	-
Contribution of land	-	-	3,302,080	-	3,302,080	17,314,185
Acquisition of internally funded capital assets	(862,357)	-	862,357	-	-	-
Amortization of internally funded capital assets	484,950	-	(484,950)	-	-	-
Net book value of disposed assets-internally funded	5,392	-	(5,392)	-	-	-
Contributions to endowment	-	-	-	574,251	574,251	68,803
Increase in net assets	1,080,148	3,992,973	3,674,095	646,962	9,394,178	22,267,843
Net assets, beginning of year	5,138,729	19,512,051	20,902,486	1,032,962	46,586,228	24,318,385
Net assets, end of year	$ 6,218,877	$ 23,505,024	$ 24,576,581	$ 1,679,924	$ 55,980,406	$ 46,586,228

The accompanying notes are part of these financial statements.

BOW VALLEY COLLEGE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2009

	2009	2008
Operating activities:		
Excess of revenue over expense	$ 5,517,847	$ 4,884,855
Non-cash transactions:		
Amortization of deferred capital contributions (Note 10)	(1,462,210)	(1,430,647)
Amortization of capital assets - externally funded	1,458,245	1,430,647
Amortization of capital assets - internally funded	484,950	534,359
Unrealized loss on investments	688,818	63,872
Loss on disposal of capital assets	8,957	1,825
	6,696,607	5,484,911
Net change in non-cash working capital (Note 22)	4,821,328	2,750,186
Cash generated from operating activities	11,517,935	8,235,097
Investing activities:		
Increase in non-current cash and investments	(60,256,969)	(5,655,186)
Acquisition of capital assets - externally funded	(27,200,579)	(27,769,353)
Acquisition of capital assets - internally funded	(862,357)	(400,302)
Cash paid for construction payable (Note 7)	2,667,982	(2,667,982)
Proceeds on disposal of capital assets	400	1,743
Cash applied to investing activities	(85,651,523)	(36,491,080)
Financing activities:		
Net capital contributions received	82,133,769	29,056,771
Payment of other long-term liabilities	(89,140)	(187,062)
Endowment contributions	574,251	68,803
Payment on capital leases	-	(7,925)
Cash generated from financing activities	82,618,880	28,930,587
Increase in cash	8,485,292	674,604
Cash and cash equivalents, at beginning of year	15,290,696	14,616,092
Cash and cash equivalents, at end of year	$ 23,775,988	$ 15,290,696

The accompanying notes are part of these financial statements.

BOW VALLEY COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2009

Note 1 Authority and Purpose

Bow Valley College operates under the authority of the Post Secondary Learning Act, Statutes of Alberta 2003, Chapter P-19.5.

The College serves primarily the City of Calgary and communities in Southern Alberta. The College provides instruction and training to assist adult learners through academic upgrading programs; career entry training in business, health, and service industries; and English as a second language programs. The College maintains a special interest in providing programs and services to aboriginal communities.

The College is a registered charity and is exempt from payment of income tax.

Note 2 Significant Accounting Policies and Reporting Practices

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these financial statements requires the use of estimates that may vary from actual results. The following accounting policies are considered significant:

(a) Financial Instruments

The College has classified its financial assets and liabilities as follows:

Cash and investments are classified as held-for-trading. Investments are presented on the Statement of Financial Position at fair value. The College's financial instruments are recognized on their trade date and transaction costs related to these investments are expensed as incurred.

Accounts receivable are classified as loans and receivables. After initial fair value measurement, they are measured at amortized cost.

Accounts payable, accrued liabilities and accrued vacation pay are classified as other financial liabilities. After initial fair value measurement, they are measured at amortized cost.

The College as a Not-for-Profit Organization has elected not to apply the standards for embedded derivatives in non-financial contracts, and to continue to follow the Canadian Institute of Chartered Accountants (CICA) Section 3861: *Presentation and Disclosure*.

Note 2 Significant Accounting Policies and Reporting Practices (cont.)

Financial assets classified as held for trading are measured at fair value with changes in fair value recognized in the statement of operations, deferred contributions or deferred capital contributions as appropriate until realized.

Cash and investments are recorded at market value with unrealized gains and losses recorded in the statement of operations, deferred contributions, and deferred capital contributions.

Fixed income and marketable equity securities are classified as held-for-trading, and are recorded at fair value at each reporting period date. These investments are initially recognized at acquisition cost, purchase price plus transaction costs, and subsequently measured at fair value based on the closing market prices.

The College is exposed to currency risk (the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates); interest rate risk (the risk that the value of a financial instrument will fluctuate due to changes in market interest rates); and market risk (the risk that the value of a financial instrument will fluctuate as a result of changes in market prices).

It is management's opinion that the College is not exposed to significant currency, interest or market risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value.

(b) Revenue Recognition

<u>Unrestricted Contributions</u>

Unrestricted operating grants and other contributions are recognized as revenue in the period received or receivable. Operating grants received for use in a future period are deferred until that future period.

<u>Restricted Contributions</u>

Externally restricted non-capital contributions are deferred and recognized as revenue in the period in which the related expenses are incurred.

Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in capital assets. Contributions for capital assets that will be amortized are transferred to unamortized deferred capital contributions in the period the asset is acquired.

Unamortized deferred capital contributions are recognized in revenue as amortization of deferred capital contributions in the period in which the related capital assets are amortized. Unamortized deferred capital contributions relating to capital assets disposed of are recognized as revenue in the period of disposal, provided that all restrictions have been complied with.

Externally restricted contributions for endowment purposes are not recognized as revenue, but are recorded as direct increases in net assets.

Note 2 Significant Accounting Policies and Reporting Practices (cont.)

Investment Income

Unrestricted investment income is recognized in the year it is earned. Unrealized gains and losses on held-for-trading unrestricted investments are recorded in the statement of operations.

Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as direct increases to net assets, or is deferred and recognized as revenue in the period the related expenses are incurred. Unrealized gains and losses on investments attributed to endowments are recorded in deferred contributions. Unrealized gains and losses on investments attributed to external capital contributions with externally imposed restrictions on the investment income are recorded in deferred capital contributions.

Program Delivery

Amounts received for tuition fees and sale of goods and services are recognized as revenue in the period in which the programs, goods or services are provided.

Revenue from contract programs are determined on the percentage of completion method. Provision is made for all anticipated losses as soon as they become evident.

Pledges

Pledges are recognized as revenue when collected.

(c) Capital Disclosure

Effective July 1, 2008, the College adopted CICA 1535: Capital Disclosures. The new standard requires an entity to disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital. The new note disclosure is as follows:

The College defines its capital as the amounts included in deferred capital contributions (Note 9), and invested in capital assets (Note 23). A significant portion of the College's capital is externally restricted and funded primarily by Alberta Advanced Education and Technology. The College has investment policies (Note 4), operations and capital budget approval authority policies, and cash management procedures to ensure the College can meet its capital obligations.

(d) Capital Assets

Capital asset acquisitions are recorded at cost, except donated assets, which are recorded at fair value, when fair value is reasonably determined.

Note 2 Significant Accounting Policies and Reporting Practices (cont.)

Capital assets are amortized on a straight-line basis over the following estimated average useful lives:

Building	22 years
Furniture and equipment	10 years
Computer equipment and related software	3-5 years
Educational resources	2 years
Intellectual property	2 years

Leasehold and site improvements are amortized over the lower of the expected useful life of the related buildings or the remaining term of the lease.

Assets under capital leases are amortized on a basis that is consistent with the above.

Capital assets under construction are not amortized until construction is complete and the assets are ready for productive use.

The fair value of a liability for an asset retirement obligation is recognized in the period incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the asset and amortized over its estimated useful life.

(e) Inventories

Inventories that are comprised of goods for resale are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis. Inventories held for consumption are valued at the lower of cost and replacement value using weighted average.

(f) Employee Future Benefits

The College participates in the Public Service Pension Plan (PSPP) and the Management Employees Pension Plan (MEPP). These pension plans are multi-employer defined benefit pension plans that provide pensions for the College's participating employees, based on years of service and earnings.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates, which are expected to provide for benefits payable under the pension plan. The College's portion of the pension plan's deficit or surplus is not recorded by the College.

Note 3 Endowments

Endowments consist of externally restricted donations to the College, the principal of which is required to be maintained in perpetuity as well as any internal allocations by the Board. The investment income from endowments must be used in accordance with the purpose established by the donor or the Board.

	2009	2008
Externally restricted	$ 1,408,452	$ 834,201
Internally allocated	271,472	198,761
	$ 1,679,924	$ 1,032,962

Note 4 Cash and Investments, and Non-current Cash

Cash funds are invested in a daily interest earnings account with a Canadian chartered bank. The rates earned during the year ranged from 0.15% to 2.0% (2008: 2.0% to 3.5%).

	2009	2008
Investments	$ 124,145,546	$ 64,592,176
Cash	8,773,552	1,062,348
Non-current	(109,143,110)	(50,363,828)
	$ 23,775,988	$ 15,290,696

Non-current cash and investments consist of amounts not available for current operations and include:

	2009	2008
Deferred capital contributions (Note 9)	$ 83,993,945	$ 29,849,624
Long-term internally restricted net assets (Note 23)	23,469,241	19,481,242
Endowments	1,679,924	1,032,962
	$ 109,143,110	$ 50,363,828

The College Board of Governors has approved an investment policy. The primary investment objectives are to preserve capital and achieve a growth rate beyond the rate of inflation.

	2009		2008	
	Cost	Market	Cost	Market
Money market investments	$ 95,032,584	$ 95,055,035	$ 35,706,118	$ 36,123,013
Canadian bonds	22,347,359	22,746,014	22,075,735	22,070,567
Equities (1)	8,190,414	6,344,497	6,757,446	6,398,596
	$ 125,570,357	$ 124,145,546	$ 64,539,299	$ 64,592,176
(1) Equity distribution:				
Canadian equities	$ 7,628,537	$ 5,913,397	$ 6,269,611	$ 5,961,839
US equities	246,831	188,368	222,278	185,966
International equities	315,046	242,732	265,557	250,791
	$ 8,190,414	$ 6,344,497	$ 6,757,446	$ 6,398,596

The effective yield on the money market investments ranged from 0.20% to 1.10% (2008: 2.41% to 3.58%), bond investments ranged from 2.59% to 4.34% (2008: 4.23% to 4.66%), and equities ranged from 1.93% to 4.50% (2008: 1.71% to 4.71%). Bond investments have an average term of 9.0 years (2008: 8.5 years).

Note 5 Inventories

	2009	2008
Books and educational materials	$ 524,984	$ 442,778
Consumable supplies	109,343	242,442
Artwork	-	124,706
	$ 634,327	$ 809,926

Note 6 Cost of Goods Sold

Cost of goods sold consists of books and educational materials as follows:

	2009	2008
Bookstore	$ 986,996	$ 773,639
Continuing Education	33,198	22,193
Test Of Workplace Essential Skills	60,262	47,856
	$ 1,080,456	$ 843,688

Note 7 Capital Assets

	2009 Cost	2009 Accumulated Amortization	2009 Net Book Value	2008 Net Book Value
Building	$ 20,820,299	$ 8,452,401	$ 12,367,898	$ 13,314,275
Campus expansion - work in progress	75,013,638	-	75,013,638	48,360,571
Land	22,921,962	-	22,921,962	22,287,864
Computer equipment and related software	6,331,789	5,172,250	1,159,539	671,983
Furniture and equipment	2,882,770	1,914,019	968,751	1,169,608
Leasehold and site improvements	3,238,270	2,506,799	731,471	771,404
Educational resources	318,026	160,848	157,178	250
Intellectual property	63,944	63,944	-	-
	$ 131,590,698	$ 18,270,261	$ 113,320,437	$ 86,575,955

Net Book Value of Capital Assets comprise of the following:

	2009	2008
Externally funded (unamortized deferred capital contributions - Note 10)	$ 88,743,856	$ 63,005,487
Internally funded (invested in capital assets)	24,576,581	20,902,486
Cash paid for construction payable	-	2,667,982
	$ 113,320,437	$ 86,575,955

Included in capital assets are items that have not been amortized as the work was not completed and the asset was not in use as of June 30.

The College also disposed of capital assets with an original cost of $1,145,685 (2008: $25,527) and accumulated amortization of $1,136,328 (2008: $21,959).

Other long-term liabilities relate to an asset retirement obligation of $262,914 (2008: $352,054). The asset retirement obligation represents the legal obligation associated with the refurbishment of a section of the North Campus.

Note 8 Deferred Contributions

The deferred contributions balance represents amounts accounted for in accordance with the accounting policy described in Note 2 (a).

	2009	2008
Contributions received during the year:		
Conditional funding	$ 5,960,776	$ 3,860,355
Donations and contributions	3,585,210	1,241,170
Entrepreneurial contracts and other grants	1,200,000	1,056,143
	10,745,986	6,157,668
Transferred to deferred capital contributions (Note 9)	(375,905)	(59,141)
	10,370,081	6,098,527
Deferred contributions relating to unrealized gain on investments:		
Unrealized gain on investments, beginning of year	-	49,641
Change in unrealized (loss) on investments relating to deferred contributions	(173,975)	(115,614)
Unrealized (loss) transferred to investment income	173,975	65,973
Unrealized (loss) on investments, end of year	-	-
	10,370,081	6,098,527
Transferred to:		
Conditional funding (Note 18)	(7,010,739)	(4,292,241)
Donations and contributions	(959,925)	(774,442)
Entrepreneurial contracts and other grants	(165,946)	(181,882)
Endowments	(15,000)	(124,000)
	(8,151,610)	(5,372,565)
Increase during the year	2,218,471	725,962
Deferred contributions, beginning of year	3,663,481	2,937,519
Deferred contributions, end of year	$ 5,881,952	$ 3,663,481

Unspent amounts at the end of the year are restricted for the following purposes:

	2009	2008
Fund Development	$ 1,434,530	$ 1,597,206
Student Awards	1,391,839	1,305,939
English as a Second Language	1,257,593	69,425
Health Community Care	1,098,331	236,500
Business and Industry Training	183,000	-
Academic Foundations	169,285	94,534
Enrollment and Learner Services	145,209	-
Learning Services	112,807	274,131
Office of the Registrar and Client Services	89,358	-
Centre for Career Advancement	-	85,746
	$ 5,881,952	$ 3,663,481

Note 9 Deferred Capital Contributions

	2009	2008
Contributions received during the year:		
Grant for campus expansion	$ 80,000,000	$ 27,900,000
Grant for infrastructure maintenance program	709,000	-
Restricted investment (loss) income (Note 15)	(145,181)	591,005
Leasehold improvement	191,384	-
Grant for Alberta post-secondary application system	182,000	100,000
Grant for practical nurse health workforce program	31,792	222,500
Access to the future fund - information technology	-	230,000
	80,968,995	29,043,505
Transferred from deferred contributions (Note 8)	375,905	59,141
	81,344,900	29,102,646
Transferred to:		
Unamortized deferred capital contributions (Note 10)		
Campus expansion	(26,327,711)	(27,214,832)
Access to the future fund - information technology	(418,628)	-
Practical nurse health workforce program	(226,237)	(25,150)
Leasehold improvements	(191,384)	(12,393)
Infrastructure maintenance program	(25,113)	(373,661)
Alberta post-secondary application system	(11,506)	(95,696)
Practical nurse program	-	(38,255)
Health services	-	(9,366)
	(27,200,579)	(27,769,353)
Increase during the year	54,144,321	1,333,293
Deferred capital contributions, beginning of year	29,849,624	28,516,331
	$ 83,993,945	$ 29,849,624

Unspent amounts at end of year are restricted for the following purposes:

	2009	2008
Campus expansion	$ 82,017,476	$ 28,345,187
Campus expansion - deferred investment income	876,082	1,021,263
Infrastructure maintenance program	683,887	-
Alberta post-secondary application system	174,798	4,304
Information technology	170,492	230,000
Practical nurse health workforce program	46,585	222,500
Student association awards	24,625	24,625
Practical nurse	-	1,745
	$ 83,993,945	$ 29,849,624

Note 10 Unamortized Deferred Capital Contributions

Unamortized deferred capital contributions represent the funded portion of capital assets which will be recognized in future periods. Changes in the unamortized deferred capital contributions balances are as follows:

	2009	2008
Balance at the beginning of year	$ 63,005,487	$ 36,666,781
Add: Purchase of capital assets (Note 9)	27,200,579	27,769,353
Less: Amortization of deferred capital contributions	(1,462,210)	(1,430,647)
	$ 88,743,856	$ 63,005,487

Note 11 Contractual Obligations and Contingencies

a) Lease Commitments

Future minimum annual lease payments under operating leases are:

Fiscal year:

	2010	$ 4,250,211
	2011	$ 4,193,874
	2012	$ 4,170,524
	2013	$ 3,976,197
Thereafter		$ 1,303,612

b) As at June 30, 2009, the College has commitments of $19,325,950 (2008: $33,014,303) for capital and expansion projects.

c) The College, in the conduct of its normal activities, is named defendant in a legal proceeding. While the ultimate outcome of this proceeding cannot be reasonably estimated at this time, the College believes that any settlement will not have a material adverse effect on the financial position or the results of operations of the College.

Note 12 Unearned Revenue

	2009	2008
Tuition fees	$ 2,397,633	$ 1,986,923
Contract programs	679,094	350,501
	$ 3,076,727	$ 2,337,424

Note 13 Entrepreneurial Contracts and Other Grants

	2009	2008
Government contracts	$ 10,779,005	$ 8,309,170
Other agencies and private sector	2,921,658	3,174,556
	$ 13,700,663	$ 11,483,726

Note 14 Ancillary and Other Services

	2009	2008
Ancillary Department	$ 1,479,150	$ 1,216,204
Academic Departments	90,639	109,389
Centre for Career Advancement/TOWES	18,072	14,193
Other sales	9,852	1,486
	$ 1,597,713	$ 1,341,272

Note 15 Investment Income

	2009	2008
Total investment income	$ 2,311,461	$ 2,193,514
Total unrealized (loss) gain on investments	(1,477,687)	52,877
Opening adjustment for change in accounting policy	-	(70,874)
	833,774	2,175,517
Transferred from (to) deferred capital contributions (Note	145,181	(591,005)
Transferred to deferred contributions	(54,130)	(65,026)
	91,051	(656,031)
	$ 924,825	$ 1,519,486

Note 16 Pension Expense

Bow Valley College participates in two multi-employer pension plans, Public Services Pension Plan (PSPP) and the Management Employees Pension Plan (MEPP).
The expense for these plans was $2,220,527 for the year ended June 30, 2009 (2008: $1,930,005).

At December 31, 2008, the MEPP reported a deficiency of $568,574,000 (2007 deficiency $84,341,000).

At December 31, 2008, the PSPP reported a deficiency of $1,187,538,000 (2007 deficiency $92,509,000).

Note 17 Supplies and Services

	2009	2008
Facility leases	$ 3,882,550	$ 3,061,347
Professional contracted services	1,817,039	2,276,281
Instructional and office supplies	1,611,236	1,020,023
Advertising	1,528,242	1,854,892
Maintenance and renovations	1,495,566	1,450,301
Non-capital furniture and equipment	768,857	644,331
Utilities	723,353	693,256
Travel	623,697	761,876
Computer costs	379,536	423,400
Equipment leases	375,140	365,632
Telecommunications and rentals	338,127	302,817
Bank charges and lease interest	183,793	134,292
Freight and postage	170,216	197,238
Memberships and subscriptions	131,556	131,058
Insurance	92,814	75,130
Other supplies and services	963,720	725,881
	$ 15,085,442	$ 14,117,755

Note 18 Related Parties

The College is a Provincial Corporation. The members of the Board of Governors are appointed by a combination of orders by the Lieutenant Governor in Council and the Minister of Advanced Education and Technology. Transactions between the College and the Province and closing balances are disclosed as follows:

	2009					
	Transactions				Closing Balances	
	Revenue	Unamortized Deferred Capital Contributions	Deferred Contributions and Deferred Capital Contributions	Unearned Revenue	Accounts Receivable	Accounts Payable
General operating grant	$ 26,632,048	$ -	$ -	$ -	$ -	$ -
Conditional funding	7,010,739	27,200,579	54,063,634	36,835	134,952	-
	33,642,787	27,200,579	54,063,634	36,835	134,952	-
Entrepreneurial contracts and other grants	6,857,102	-	-	519,549	554,237	1,653
	$ 40,499,889	$ 27,200,579	$ 54,063,634	$ 556,384	$ 689,189	$ 1,653

	2008					
	Transactions				Closing Balances	
	Revenue	Unamortized Deferred Capital Contributions	Deferred Contributions and Deferred Capital Contributions	Unearned Revenue	Accounts Receivable	Accounts Payable
General operating grant	$ 24,731,354	$ -	$ -	$ -	$ -	$ -
Conditional funding	4,292,241	27,759,987	1,316,770	-	99,380	-
	29,023,595	27,759,987	1,316,770	-	99,380	-
Entrepreneurial contracts and other grants	4,779,340	-	-	362,745	899,030	105,126
	$ 33,802,935	$ 27,759,987	$ 1,316,770	$ 362,745	$ 998,410	$ 105,126

During the year, Bow Valley College had business transactions with other public colleges, technical institutes and universities in Alberta. These transactions were at market prices on normal terms of purchase and sale.

Note 19 Salaries and Benefits

The salary and benefit disclosure is provided pursuant to Treasury Board Directive 12/98, (as amended June 13, 2007) and includes only the salaries and benefits of those individuals in the senior decision making group of the College.

	2009				2008
	Salary (1)	Other Cash Benefits (2)	Other Non-Cash Benefits (3)	Total	Total
Board of Governors (4)	$ -	$ 9,419	$ -	$ 9,419	$ 8,276
President and Chief Executive Officer	205,210	52,406	22,589	280,205	259,723
Vice President, Learning Services	174,361	6,377	33,254	213,992	189,019
Vice President, Enrolment & Learner Services (5)	162,400	1,975	34,780	199,155	23,386
Vice President, College Services	143,628	23,211	23,250	190,089	180,155
Vice president, Campus Development (6)	133,617	3,834	29,237	166,688	92,053
Associate VP, College Advancement	115,334	3,409	31,124	149,867	162,932
Vice President, External Relations (7)	73,500	23,713	3,673	100,886	172,048
	$ 1,008,050	$ 124,344	$ 177,907	$ 1,310,301	$ 1,087,592

(1) Salary includes pensionable base pay.

(2) Other cash benefits include bonuses, vacation payments, overtime, lump sum payments and honoraria.

(3) Other non-cash benefits include College's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out of country medical benefits, group life insurance, accidental death and dismemberment insurance, long and short term disability plan, Employment Insurance, Canada Pension Plan, Workers' Compensation, professional memberships, and tuition fees.

(4) The majority of the eleven College board members do not accept honoraria from the College. From total amount of the $9,419 (2008:$8,276) for board honoraria, $8,859 (2008: $7,760) was not accepted by members, and was allocated to student scholarships.

(5) The Vice President Enrolment and Learner Services commenced employment on May 20, 2008.

(6) The Vice President Campus Development transferred to the position on January 2, 2008.

(7) The position of Vice President External Relations became vacant on December 31, 2008 and the functions were distributed among other Divisions or reorganized within other Divisions.

Note 20 Budget

The College is required to submit a budget, approved by the Board of Governors of the College, to the Minister of Advanced Education and Technology for his approval. The 2008-2009 College Budget was approved by the Board of Governors on May 20, 2008.

Revenue:		
Provincial government contributions and grants	$	33,837,673
Tuition fees		12,856,397
Entrepreneurial contracts and other grants		13,899,712
Ancillary and other services		1,305,845
Investment income		1,100,000
Donations and contributions		946,700
Amortization of deferred capital contributions		1,496,077
		65,442,404
Expense:		
Compensation and benefits	$	39,357,173
Supplies and services		20,808,354
Amortization of capital assets		2,093,000
Cost of goods sold		747,750
Scholarships and bursaries		731,610
		63,737,887
Excess of revenue over expense	$	1,704,517

Note 21 Changes in Non-Cash Working Capital

	2009	2008
(Increase) in accounts receivable	$ (731,367)	$ (472,569)
Decrease (increase) in inventories	175,599	(31,902)
Decrease in prepaid expenses	90,157	13,416
Increase in accrued vacation pay	515,843	337,654
Increase in accounts payable and accrued liabilities	1,813,322	2,383,036
Increase (decrease) in unearned revenue	739,303	(205,411)
Increase in deferred contributions	2,218,471	725,962
	$ 4,821,328	$ 2,750,186

Note 22 Net Assets Invested in Capital Assets

	2009	2008
Capital assets at net book value	$ 113,320,437	$ 86,575,955
Cash paid for construction payable (Note 7)	-	(2,667,982)
Unamortized deferred capital contributions	(88,743,856)	(63,005,487)
	$ 24,576,581	$ 20,902,486

Note 23 Internally Restricted Net Assets

The Board of Governors has designated the following funds as restricted net assets:

	2008/2009					
	Opening Balance	Appropriations	Expended	Ending Balance	Short-Term	Long-Term
Facilities improvement	$ 14,094,856	$ 4,000,000	$ -	$ 18,094,856	$ -	$ 18,094,856
Special initiatives fund	3,700,000	-	-	3,700,000	-	3,700,000
College technology plan	842,000	-	-	842,000	-	842,000
Fund development	679,763	-	-	679,763	-	679,763
Academic excellence scholarship and endowment	164,623	61,343	(73,344)	152,622	-	152,622
Board of Governors' scholarship	30,809	8,859	(3,885)	35,783	35,783	-
	$ 19,512,051	$ 4,070,202	$ (77,229)	$ 23,505,024	$35,783	$ 23,469,241

Note 24 Pledges

As at June 30, 2009 outstanding pledges were $1,125,157 (2008: $1,512,996).

Note 25 Comparative Figures

Certain June 30, 2008 figures have been reclassified to conform to the current year presentation.

Note 26 Approval of Financial Statements

These financial statements were approved by the Board of Governors.

Grande Prairie Regional College

Consolidated Financial Statements

June 30, 2009

GRANDE PRAIRIE REGIONAL COLLEGE
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2009

Auditor's Report

To the Board of Governors of Grande Prairie Regional College

I have audited the consolidated statement of financial position of the Grande Prairie Regional College as at June 30, 2009 and the consolidated statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
October 19, 2009

GRANDE PRAIRIE REGIONAL COLLEGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2009

	2009	2008
ASSETS		
Current		
Cash	$ 6,984,205	$ 10,232,471
Accounts receivable	2,370,803	916,940
Inventories (Note 3)	518,896	518,999
Prepaid expenses	374,597	172,207
	10,248,501	11,840,617
Investments (Note 4)	19,896,257	19,253,547
Capital assets (Note 5)	50,794,517	40,299,237
	$ 80,939,275	$ 71,393,401
LIABILITIES AND NET ASSETS		
Current		
Accounts payable	$ 3,185,436	$ 2,350,906
Accrued vacation pay	1,621,661	1,457,782
Unearned revenue	899,142	150,543
Leave programs (Note 6)	82,616	180,745
Deferred contributions (Note 7)	4,905,316	4,126,692
Current portion of long-term debt (Note 9)	342,978	264,691
	11,037,149	8,531,359
Non-current		
Long-term debt (Note 9)	16,864,188	12,607,165
Deferred capital contributions (Note 8)	5,779,359	7,783,608
Unamortized deferred capital contributions (Note 10)	31,026,733	26,969,635
	64,707,429	55,891,767
Net assets		
Endowments (Note 11)	3,331,108	3,141,901
Investment in capital assets	4,603,379	4,017,005
Internally restricted net assets (Note 12)	4,068,932	5,192,082
Unrestricted net assets		
Accumulated net unrealized gain (loss) on investments (Note 13)	19,879	(64,287)
Accumulated excess of revenue over expenses	4,208,548	3,214,933
	16,231,846	15,501,634
	$ 80,939,275	$ 71,393,401

The accompanying notes are an integral part of these consolidated financial statements.

GRANDE PRAIRIE REGIONAL COLLEGE
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 2009

	2009		2008
	Budget (Note 14)	Actual	Actual
Revenue			
Grants	$ 23,279,966	$ 26,612,222	$ 23,020,962
Tuition and related fees	7,701,530	7,196,785	6,923,747
Sales, rentals and services	4,169,957	4,222,803	4,347,120
Contract programs	1,326,657	1,635,348	1,354,036
Fund raising and donations	1,035,000	875,954	1,271,068
Investments	575,000	904,567	1,009,831
	38,088,110	41,447,679	37,926,764
Amortization of deferred capital contributions (Note 10)	1,985,000	1,480,948	1,403,677
	40,073,110	42,928,627	39,330,441
Expense			
Salaries and benefits (Note 15)	25,265,370	25,741,301	22,571,063
Supplies and services (Note 16)	9,636,706	11,830,055	9,536,191
Amortization of capital assets	2,645,000	2,433,468	2,297,992
Utilities	945,850	1,121,628	967,922
Cost of goods sold	887,095	952,386	946,017
Scholarships and bursaries	280,000	334,881	250,476
Loss on disposal of capital assets	-	25,952	35,030
	39,660,021	42,439,671	36,604,691
Excess of revenue over expense	$ 413,089	$ 488,956	$ 2,725,750

The accompanying notes are an integral part of these consolidated financial statements.

GRANDE PRAIRIE REGIONAL COLLEGE
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2009

	2009						2008
	Endowments	Investment in Capital Assets	Internally Restricted Net Assets	Accumulated Net Unrealized Gain on Investments	Unrestricted Net Assets	Total	Total
Excess of revenue over expense	$ -	$ -	$ -		$ 488,956	$ 488,956	$ 2,725,750
External endowment contributions	189,207	-	(32,117)		-	157,090	30,593
Transfers							
Acquisition of internally funded capital assets	-	1,310,755	-	-	(1,310,755)	-	-
Payment of long term debt principal	-	264,690	-	-	(264,690)	-	-
Net book value on disposal of capital assets	-	(36,551)	-	-	36,551	-	-
Amortization of internally funded capital assets	-	(952,520)	-	-	952,520	-	-
Internal restrictions	-	-	(1,091,033)		1,091,033	-	-
Increase (decrease) in net unrealized gain on investments	-	-	-	84,166	-	84,166	(67,543)
Increase (decrease) in net assets	189,207	586,374	(1,123,150)	84,166	993,615	730,212	2,688,800
Net assets, beginning of year	3,141,901	4,017,005	5,192,082	(64,287)	3,214,933	15,501,634	12,812,834
Net assets, end of year	$ 3,331,108	$ 4,603,379	$4,068,932	$ 19,879	$ 4,208,548	$ 16,231,846	$ 15,501,634

GRANDE PRAIRIE REGIONAL COLLEGE
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2009

	2009	2008
Operating activities		
Excess of revenue over expense	$ 488,956	$ 2,725,750
Add (deduct) non-cash transactions		
Amortization of capital assets	2,433,468	2,297,992
Loss on disposal of capital assets	25,952	35,030
Amortization of deferred capital contributions	(1,480,948)	(1,403,677)
	1,467,428	3,655,095
Changes in non-cash working capital		
Accounts receivable	(1,453,863)	(246,236)
Inventories	103	(40,339)
Prepaid expenses	(202,390)	(11,069)
Accounts payable	55,458	(106,378)
Accrued vacation pay	163,879	193,114
Unearned revenue	748,599	(212,392)
Leave programs	(98,129)	(221,354)
Deferred contributions	957,052	2,393,984
	170,709	1,749,330
Cash generated from operating activities	1,638,137	5,404,425
Investing activities		
Proceeds on disposal of capital assets	10,599	87,334
Acquisition of capital assets	(12,186,227)	(2,891,377)
Net acquisition of investments	(722,494)	(5,430,705)
Cash applied to investing activities	(12,898,122)	(8,234,748)
Financing activities		
Proceeds of capital loan	4,600,000	4,300,000
Payment of long term debt principal	(264,690)	(190,314)
Endowment contributions	142,612	13,333
Capital contributions (Note 8)	3,533,797	6,603,508
Cash generated from financing activities	8,011,719	10,726,527
(Decrease) increase in cash	(3,248,266)	7,896,204
Cash, beginning of year	10,232,471	2,336,267
Cash, end of year	$ 6,984,205	$ 10,232,471

Note 1 Authority and Purpose

Grande Prairie Regional College (the "College") operates under the authority of the Post Secondary Learning Act, Chapter P-19.5, Revised Statutes of Alberta 2003. The College is a registered charity and is exempt from the payment of income taxes under the Income Tax Act (Canada).

The College's purpose is to provide students with university transfer, on-campus degree completion, career training, post-secondary preparatory and continuing education programs that contribute to the economic and social well-being of the region.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

(a) Consolidation and Use of Estimates

These consolidated financial statements include the accounts of the Grande Prairie Regional College and the Grande Prairie Regional College Alumni/Foundation (the "Foundation"), which operates under the Alberta Companies Act and is a registered charitable organization for income tax purposes. The Foundation's activities are directed to the support and advancement of the College. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

In preparing the College's consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and reported amounts of revenues and expenses during the period. Management believes its estimates to be appropriate; however, actual results could differ from these estimates.

(b) Revenue Recognition

The financial statements record the following items as revenue – at the following times:

- Unrestricted contributions – when received, or receivable, if the amount can be reasonably estimated and collection is reasonably assured.
- Unrestricted investment income – when earned; this includes interest, dividends and realized gains and losses. Unrealized gains and losses on available-for-sale securities attributed to other net assets are recorded in the consolidated statement of changes in net assets, and are recognized in the statement of operations when realized.
- Pledges – are recognized when collected.
- Revenues received for services and products – when the services or products are provided.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Revenue Recognition (continued)

- Tuition fees – when the instruction is delivered.
- Restricted contributions – based on the deferral method

Deferral method
Contributions, including investment income on the contributions, which are restricted for purposes other than endowment or capital asset acquisitions, are deferred and recognized as revenue when the conditions of the contribution are met.

Contributions to acquire capital assets with limited life are first recorded as deferred capital contributions, when received, and when expended, they are transferred to unamortized deferred capital contributions and amortized to revenue over the useful lives of the related assets.

Endowment contributions are recognized as direct increases in endowment net assets. Investment earnings, under agreements with benefactors or the Post-Secondary Learning Act allocated to endowment principal, are also recognized as direct increases in endowment net assets. Endowment investment earnings that are allocated for spending are deferred and recognized as revenue when the conditions of the endowment are met.

Contributions restricted to the acquisition of land and permanent collections are first recorded as deferred contributions when received, and when expended, they are recognized as direct increases in investment in capital assets and collections.

(c) Inventories

Inventories for resale are valued at the lower of cost and estimated net realizable value. Cost is determined on a first-in, first-out basis. Inventories held for consumption are valued at the lower of cost and replacement value.

(d) Financial Instruments

The College has classified cash and investments as available-for-sale (investments held for long-term capital appreciation and generation of income), accounts receivable as loans and receivables, and accounts payable, accrued vacation pay, leave programs and long-term debt as other financial liabilities.

Financial instruments classified as available-for-sale are measured at fair value at each reporting date. Fair value for publicly traded securities is based on the closing market prices.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(d) Financial Instruments (continued)

The College utilizes settlement-date accounting for all purchases and sales of financial assets in its investment portfolio. Investments are initially recognized at acquisition cost (purchase price plus transaction costs), which reflects any premium or discount at date of purchase. Marketable equity securities are also initially recognized at acquisition cost. Subsequently unrealized gains or losses are reported as an adjustment to deferred contributions or net assets. Gains or losses are recognized into net income when realized.

The College's financial instruments are recognized on their settlement date. Transaction costs related to all financial instruments are expensed as incurred.

The amortized cost of loans and receivables and other financial liabilities approximates their fair value.

As permitted for Not-for-Profit Organizations, the College has elected to not apply the standards on derivatives embedded in non-financial contracts, and elected to continue to follow CICA 3861: Disclosure and Presentation.

Financial instruments of the College are exposed to credit risk, interest rate risk, foreign exchange risk and market risks. The College's accounts receivable are from a diverse group of customers and are subject to normal credit risk. The interest rate risk is the risk to the College's earnings that arises from the fluctuations in interest rates and the degree of volatility of these rates. The foreign exchange risk is the risk of the rising costs related to purchase transactions in United States Currency. The market risk is the risk to the College's earnings that arises from the fluctuation and the degree of volatility in the value of long-term investments. Each of these risks is limited through the College's collection procedures, investment guidelines and other internal policies, guidelines and procedures.

(e) Capital Assets

Capital asset acquisitions are recorded at cost, except donated assets which are recorded at fair value when a fair value can be reasonably determined.

Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	25 to 40 years
Site improvements	25 years
Furnishings and equipment	5 to 15 years
Vehicles	5 years
Library materials	10 years
Leasehold improvements	5 years
Software	5 years

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(f) Internally Restricted Net Assets

Internally restricted net assets are amounts set aside by the College Board of Governors to be used for designated purposes.

(g) Long-lived Assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The College performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value.

(h) Art Collection

The College holds a collection of approximately 2,600 works of donated art, consisting of sketches, limited edition prints, photographs, and some original paintings. The collection is held by the College for educational use and for public exhibition. The Board of Governors passed a resolution requiring the art to be cared for and preserved.

Collection artworks are not recognized as assets in the Statement of Financial Position. Any proceeds from their sale or disposal may be used only to acquire other art for the collection or to care for the existing collection. Purchased art added to the collection will be expensed in the year of acquisition. To date, no artwork has been purchased for this collection.

(i) Pensions

The College participates in the Local Authorities Pension Plan. This pension plan is a multi-employer defined benefit pension plan that provides pensions for the College's participating employees, based on years of service and earnings.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates that are expected to provide for benefits payable under the pension plan. The College does not record the College's portion of the pension plan's deficit or surplus.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(j) Capital Disclosures

Effective July 1, 2008, the College adopted CICA 1535: Capital Disclosures. The new standard requires an entity to disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital.

The College defines its capital as the amounts included in deferred capital contributions (note 8), endowments (note 11) and unrestricted net assets. A significant portion of the College's capital is externally restricted. The College's unrestricted capital is funded primarily by Alberta Advanced Education and Technology. The College has investment policies (note 4), spending policies and cash management procedures to ensure the College can meet its capital obligations.

Under the Post-Secondary Learning Act, the College must receive ministerial approval for a deficit budget, borrowing and the sale of any land or buildings.

Note 3 Inventories

	2009	2008
Bookstore	$ 506,520	$ 499,130
Duplicating Services	6,687	15,186
Financial Services	4,891	3,380
Climbing Gym	798	1,303
	$ 518,896	$ 518,999

Note 4 Investments

The College's investment policy is dedicated to optimizing the return on investment while ensuring that the College's assets are prudently invested while minimizing the potential for loss of capital.

Specific guidelines have been established with respect to asset mix, diversification, security, and performance measurement as well as quality, liquidity and term constraints.

In accordance with the College's investment guidelines, risk on long-tem investment is managed by:

- Strictly prohibiting the purchase of any securities carrying a credit rating below A for bonds or A1/R1 for commercial paper by one of the recognized rating agencies.
- Holding a diversified selection of equities where one issuer will comprise no more than 5% of the portfolio, subject to a maximum dollar value of $100,000.

	2009			2008		
	Cost Base	Unrealized Gain (Loss)	Market Value	Cost Base	Unrealized Gain (Loss)	Market Value
Bonds and bank notes	$ 18,643,155	$ 27,049	$ 18,670,204	$ 17,962,030	$ (90,215)	$ 17,871,815
Equities	1,411,464	(185,411)	1,226,053	1,370,095	11,637	1,381,732
	$ 20,054,619	$ (158,362)	$ 19,896,257	$ 19,332,125	$ (78,578)	$ 19,253,547

The rate of return on equities is dependent on the market.

The effective interest rate for bonds and bank notes by range of maturity date are as follows:

	Market Value	Effective Yield to Maturity
Maturing in 1 - 5 years	14,831,783	4.4%
Maturing in 6 - 10 years	1,287,688	5.2%
Maturing in 11- 15 years	1,892,230	5.3%
Maturing in 16 - 20 years	658,503	4.4%
	$ 18,670,204	

Note 5 Capital Assets

	2009 Cost	2009 Accumulated Amortization	2009 Net Book Value	2008 Net Book Value
Land	$ 713,631	$ -	$ 713,631	$ 713,631
Buildings	63,485,685	28,809,279	34,676,406	35,102,379
Buildings under construction	10,779,528	-	10,779,528	1,102,043
Site improvements	1,340,905	1,264,394	76,511	85,420
Furnishings, equipment and vehicles	12,690,422	9,043,046	3,647,376	2,420,395
Library materials	2,260,949	1,359,884	901,065	875,369
	$ 91,271,120	$ 40,476,603	$ 50,794,517	$ 40,299,237

Included in capital assets is $779,072 (2008 - $653,167) of additions where payment is outstanding at year end.

Buildings under construction are currently not amortized. Amortization will begin upon the earlier of substantial completion or availability for use.

Note 6 Leave Programs

The previous four-for-five leave plan has been discontinued, however it will stay in effect until all employees participating in the plan as of June 30, 2003 have taken their leave or withdrawn from the plan. In place of this plan there are now two self-initiated leave programs. Each allows the employee to contribute up to 20% of their salary to the plan. In the year of leave, the College will make a one-time contribution of 15% of the employee's annual salary and will continue to pay the College's normal premium costs for employee's benefits. The employees' contributions and interest are held by the College and recorded as a liability until the leave period when they are paid to the employee as salary along with the College contributions.

	2009	2008
Employees' contributions held by College	$ 58,057	$ 72,301
College matching contributions	20,530	102,160
Interest held on employees' contributions	4,029	6,285
	$ 82,616	$ 180,745

Note 7 Deferred Contributions

Deferred contributions represent unspent operating funds externally restricted.

Deferred contributions	2009	2008
Deferred contributions, relating to operating funding		
Contributions during the year	$ 6,357,951	$ 4,667,437
Transferred (to) from:		
Deferred capital contributions	(746,105)	512,621
Revenue	(4,654,794)	(2,786,074)
Endowments (Note 11)	(14,478)	(17,260)
Increase during the year, related to operating funding	942,574	2,376,724
Balance at beginning of year, related to operating funding	4,140,983	1,764,259
Balance at end of year, related to operating funding	5,083,557	4,140,983
Deferred contributions, relating to unrealized gains and losses on investments		
Unrealized (loss) gain on investments, beginning of year	(14,291)	188,281
Change in unrealized loss on investments relating to deferred contributions	(163,950)	(202,572)
Unrealized loss on investments, end of year	(178,241)	(14,291)
Total deferred contributions, end of year	$ 4,905,316	$ 4,126,692
The balance consists of funds restricted for:		
Scholarships and Bursaries	$ 1,287,695	$ 1,371,651
S.J. Alward Library	118,136	106,771
Capital Planning Project	354,023	1,128,392
APAS	21,434	100,000
Fairview Transition	1,070,052	-
Centre for Research and Innovation	477,327	-
Student Life on Campus	308,474	695,758
Wolf Pac Booster Club	497,580	81,557
French On-Line Program	149,160	-
Other	621,435	642,563
	$ 4,905,316	$ 4,126,692

Note 8 Deferred Capital Contributions

Deferred capital contributions represent unspent capital funds externally restricted.

	2009	2008
Contributions during the year	$ 2,787,692	$ 7,116,129
Transferred from (to) deferred contributions	746,105	(512,621)
Transferred to unamortized deferred capital contributions	(5,538,046)	(2,044,026)
(Decrease) increase during the year	(2,004,249)	4,559,482
Balance, beginning of year	7,783,608	3,224,126
Balance, end of year	$ 5,779,359	$ 7,783,608

Note 9 Long-Term Debt

	Maturity Date	Interest Rate	Amount Outstanding 2009	2008
Student residence - Loan #1	Nov 2026	6.000%	$ 288,000	$ 304,000
Student residence - Loan #2	July 2027	6.125%	380,000	400,000
Student residence - Loan #3	Sept 2030	4.392%	2,153,372	2,212,634
Student residence - Loan #4	Dec 2036	4.427%	5,553,284	5,655,222
Student residence - Loan #5	Mar 2038	4.700%	4,232,510	4,300,000
Student residence - Loan #6	Jun 2038	5.051%	4,600,000	-
			17,207,166	12,871,856
Less current portion			(342,978)	(264,691)
			$ 16,864,188	$ 12,607,165

The student residences are pledged as security for the debentures with Alberta Capital Finance Authority.

Included in long-term debt are amounts of $2,042,761 (2008 - $3,559,259) for capital expenditures not yet incurred.

The principal portion of long-term debt repayment is as follows:

2010	$ 342,978
2011	357,327
2012	372,349
2013	388,076
2014	404,540
Subsequent years	15,341,896
	$ 17,207,166

Note 10 Unamortized Deferred Capital Contributions

Unamortized deferred capital contributions represent the externally funded portion of capital assets, which will be recognized as revenue in future periods. Changes in the unamortized deferred capital contribution balance are as follows:

	2009	2008
Balance at beginning of year	$ 26,969,635	$ 26,329,286
Add amount transferred from deferred contributions (Note 8)	5,538,046	2,044,026
Less amount amortized to revenue	(1,480,948)	(1,403,677)
Balance, end of year	$ 31,026,733	$ 26,969,635

Note 11 Endowments

Endowments include donations received by the organization and interest earnings that have been redirected to principal as requested by the donor of the original endowment or by board policy. Externally restricted endowments are required to be maintained intact in accordance with the donor's wishes or by board policy. Internally restricted endowments are required to be maintained in accordance with departmental direction.

	Balance at Beginning of Year	Transfers from Deferred Contributions	Transfers from Internally Restricted Net Assets	Contributions	Balance at End of Year
Externally Restricted					
Scholarships fund	$1,385,892	$ 14,478	$ -	$ 141,017	$1,541,387
S.J. Alward library fund	618,550	-	-	1,595	620,145
	2,004,442	14,478	-	142,612	2,161,532
Internally Restricted					
Scholarships fund	484,568	-	32,117	-	516,685
Athletic fund	300,902	-	-	-	300,902
Theatre fund	78,682	-	-	-	78,682
Foundation fund	73,307	-	-	-	73,307
Alumni Legacy fund	200,000	-	-	-	200,000
	1,137,459	-	32,117	-	1,169,576
	$3,141,901	$ 14,478	$ 32,117	$ 142,612	$3,331,108

Note 12 Internally Restricted Net Assets

The Management of the College with the approval of the Board of Governors has placed restrictions on the spending of a portion of the accumulated excess of revenue over expenditure for specific purposes as shown below. The Management of the College intends to spend these internally restricted amounts for these purposes. They are not available for any other purposes without the approval of the Board.

	2009	2008
Non-capital		
Risk reserve	$ 3,000,000	$ 3,000,000
College operating expenses	376,046	1,043,692
Foundation - internally restricted	692,886	923,906
	4,068,932	4,967,598
Capital		
Student residence - reserve	-	200,000
Physical activity centre	-	24,484
	-	224,484
	$ 4,068,932	$ 5,192,082

Note 13 Net Unrealized Gain (Loss) on Available-for-Sale Investments

	2009	2008
Net unrealized losses on available-for-sale investments arising during the year	$ (236,458)	$ (156,611)
Net investment losses (gains) realized on available-for-sale investments during the year in the statement of operations	156,674	(113,504)
Increase in unrealized loss on available-for-sale investments	(79,784)	(270,115)
Balance, beginning of year	(78,578)	191,537
Balance, end of year	$ (158,362)	$ (78,578)

	2009			2008		
	Endowment net assets, recorded in deferred contributions (Note 7)	Other net assets	Total	Endowment net assets, recorded in deferred contributions (Note 7)	Other net assets	Total
Balance, beginning of year	$ (14,291)	$ (64,287)	$ (78,578)	$ 188,281	$ 3,256	$ 191,537
Increase (decrease) during year	(163,950)	84,166	(79,784)	(202,572)	(67,543)	(270,115)
Balance, end of year	$ (178,241)	$ 19,879	$ (158,362)	$ (14,291)	$ (64,287)	$ (78,578)

Note 14 Budget

On May 22, 2008 the Board of Governors approved a consolidated revenue and expense budget for Grande Prairie Regional College for 2008-2009. The budget approved provided an annual operating excess of revenue over expense of $393,089 from College operating and $20,000 Foundation operating.

The two budgets have been consolidated and presented in the Consolidated Statement of Operations.

Note 15 Salaries and Benefits

	2009				2008
	Base Salaries[1]	Other Cash Benefits[2]	Other Non-Cash Benefits[3,4]	Total	Total
Chairman of the Board	$ 6,843	$ -	$ 259	$ 7,102	$ 4,640
President	186,544	-	46,572	233,116	169,493
Vice Presidents					
Academic	133,314	-	28,601	161,915	78,544
Administration	119,236	-	25,538	144,774	75,654
Special Projects[5]	20,819	9,097	1,453	31,369	86,413
Executive Directors					
Community Relations	118,502	-	26,083	144,585	130,983
Human Resources	113,945	-	23,146	137,091	134,293

(1) Salaries include pensionable base pay.

(2) Other Cash benefits include Board of Governors honorarium and vacation payouts.

(3) Benefits and allowances represent the College's share of employee benefits including Canada Pension Plan, Employment Insurance, pensions, health care, dental coverage, group life insurance, accidental death and dismemberment insurance.

(4) An automobile allowance is provided to the President, Vice-Presidents and Executive Directors.

(5) This position expired August 2008.

Note 16 Supplies and Services

Supplies and services are summarized by the following major groupings:

	2009	2008
Purchased labour and services	$ 3,607,543	$ 2,949,286
Repairs, maintenance and renovations	2,271,215	1,443,954
Classroom, lab and office supplies	1,478,435	1,254,255
Travel, staff development	1,366,570	1,175,846
Administrative expenses	1,013,376	942,192
Advertising	683,585	543,134
Debt interest	595,631	493,323
Meetings, hospitality	469,326	472,331
Fundraising and donations	344,374	261,870
	$ 11,830,055	$ 9,536,191

Note 17 Pension Costs

The College participates in a multi-employer pension plan, Local Authorities Pension Plan (LAPP). The expense for this plan is $1,491,281 for the year ended June 30, 2009 (2008 - $1,285,159).

At December 31, 2008 the LAPP reported a deficit of $4,413,971,000 (2007 – a deficit of $1,183,334,000).

Note 18 Related Parties

The College is a Provincial Corporation as all members of the Board of Governors are appointed by combination of an Order by the Lieutenant Governor in Council and the Minister of Advanced Education and Technology. The College received the following grants directly from the Province of Alberta or indirectly through related entities:

	2009				
	Deferred Contributions	Deferred Capital Contributions	Grant Revenue	Unamortized Deferred Capital Contributions	Total
Alberta Advanced Education and Technology					
Operating funding	$ -	$ -	$ 22,379,291	$ -	$ 22,379,291
Enrolment Planning Envelope funding	32,844	-	349,949	36,182	418,975
Conditional funding	161,221	539	55,031	13,975	230,766
Fairview Transition funding	1,070,052	-	772,015	82,933	1,925,000
Access to the Future funding	994,694	254,300	-	-	1,248,994
IMP	-	300,478	327,576	521,946	1,150,000
NLC Portables	-	390,532	-	1,109,468	1,500,000
Alberta-North	-	9,688	28,970	37,955	76,613
Alberta Sport, Recreation, Parks & Wildlife	36,044	-	207,029	-	243,073
Alberta Employment, Immigration and Industry	46,320	-	157,797	-	204,117
	$ 2,341,175	$ 955,537	$ 24,277,658	$ 1,802,459	$ 29,376,829

	2008				
	Deferred Contributions	Deferred Capital Contributions	Grant Revenue	Unamortized Deferred Capital Contributions	Total
Alberta Advanced Education and Technology					
Operating funding	$ -	$ -	$ 20,881,620	$ -	$ 20,881,620
Enrolment Planning Envelope funding	45,000	-	546,624	-	591,624
Conditional funding	27,604	-	18,207	-	45,811
Access to the Future funding	953,701	346,825	6,500	38,465	1,345,490
Capital Planning Project funding	1,128,392	-	371,608	-	1,500,000
Gymnasium Upgrade Project funding	-	2,628,585	-	371,415	3,000,000
L-Wing Expansion Program funding	-	3,489,412	-	10,588	3,500,000
Alberta Post Secondary Application System	100,000	-	-	-	100,000
Alberta-North	16,466	-	-	-	16,466
Alberta Sport, Recreation, Parks & Wildlife	26,344	-	241,901	5,000	273,245
Alberta Employment, Immigration and Industry	-	-	110,455	-	110,455
Alberta Tourism	-	-	3,000	-	3,000
	$ 2,297,507	$ 6,464,822	$ 22,179,915	$ 425,467	$ 31,367,711

Note 19 Commitments

Professional Leave

Effective August 15, 1998, the College has agreed under Article 12 of the collective agreement with the Academic Staff Association to provide a total of 60 months of paid professional leave to members of the Academic Staff Association each contract period (August 15 to August 14). Members of the Administrative Group may request approval for paid professional leave.

At June 30, 2009, the following commitments have been made under the above agreement, for which no provision has been made in the financial statements.

	2009	2008
Academic Staff		
July 1, 2009 to August 14, 2009	$ 37,077	$ 25,552
August 15, 2009 to August 14, 2010	309,138	448,179
	$ 346,215	$ 473,731

Note 20 Contractual Obligations

As at June 30, 2009, the College has outstanding contractual commitments for capital projects as follows:

Residence	$ 2,458,806
L Wing Addition	1,141,054
Building Control and Security System	834,452
Gym Upgrade	981,266
	$ 5,415,578

Note 21 Funds Held on Behalf of Others

The College holds the following funds on behalf of others over which the Board has no power of appropriation. Accordingly, these funds are not included in the consolidated financial statements.

	2009	2008
Productions	$ 37,629	$ 43,135
EA Staff Development	51,958	71,809
ASA Professional Growth	217,769	175,140
Other	14,334	7,138
	$ 321,690	$ 297,222

Note 22 Subsequent Events

On May 14, 2008, the Minister of Advanced Education and Technology announced changes to post-secondary academic program delivery and stewardship for students in Northwest Alberta. When the transition is complete, learners in the southern part of the Northwest Alberta, which includes Fairview, will be served by Grande Prairie Regional College.

Effective July 1, 2009 certain assets, liabilities and net assets of Northern Alberta Institute of Technology (NAIT) will be transferred to Grande Prairie Regional College based on the terms and conditions outlined in the transfer agreement.

The June 30, 2009 assets, liabilities and net assets transferred to Grande Prairie Regional College from NAIT are as follows:

ASSETS		
Current		
Cash	$	4,773,261
Accounts receivable		34,358
Inventories		246,816
Prepaid expenses		20,944
		5,075,379
Capital assets		12,607,257
	$	17,682,636
LIABILITIES AND NET ASSETS		
Current		
Accounts payable	$	58,901
Employee benefit liabilities		994,434
Unearned revenue		8,869
Deferred contributions		380,711
		1,442,915
Non-current		
Deferred capital contributions		16,237
Unamortized deferred capital contributions		5,440,167
		6,899,319
Net assets		
Endowments		2,112,446
Investment in capital assets		7,167,090
Internally restricted net assets		3,781
Unrestricted net assets		1,500,000
		10,783,317
	$	17,682,636

The 2009-2010 budget for operations of the transitioned area are included in the approved consolidated budget of Grande Prairie Regional College and include revenues of $22,556,991 and expenses of $22,330,991 for a budgeted surplus of $226,000.

Note 23 Contingency

The College, in the conduct of its normal activities, is a defendant in a number of legal proceedings. While the ultimate outcome of these proceedings cannot be predicted at this time, it is the opinion of the administration that adequate provision for these proceedings has been made in the College's accounts. It is believed that the resolution of the proceedings will not have a material effect on the financial position of the College, however, should any additional loss result from the resolution of these proceedings, such amounts would be expensed as the related amounts become known to the College.

Note 24 Comparative Figures

Certain comparative figures have been reclassified to conform to the current year presentation.

Note 25 Approval of Financial Statements

These consolidated financial statements were approved by the Board of Governors.

GRANT MacEWAN COLLEGE

Consolidated Financial Statements

June 30, 2009

GRANT MACEWAN COLLEGE
CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2009

CONTENTS

Auditor's Report

To the Board of Governors of Grant MacEwan College

I have audited the consolidated statement of financial position of Grant MacEwan College as at June 30, 2009 and the consolidated statements of revenue and expense, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Grant MacEwan College as at June 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
September 24, 2009

GRANT MacEWAN COLLEGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at June 30, 2009
($ thousands)

	2009	2008
ASSETS		
Current:		
Cash and cash equivalents	$ 102,994	$ 85,555
Accounts receivable	4,283	3,894
Inventories (Note 3)	1,988	1,538
Prepaid expenses	1,295	669
	110,560	91,656
Investments (Note 4)	41,917	39,146
Capital assets (Note 5)	255,177	249,152
	$ 407,654	$ 379,954
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 12,885	$ 13,316
Employee future benefits	7,202	6,278
Unearned revenue	5,943	5,711
Deferred contributions (Note 6)	23,252	19,137
Current portion of long term debt (Note 9)	2,093	1,633
	51,375	46,075
Deferred capital contributions (Note 7)	4,365	1,523
Unamortized deferred capital contributions (Note 8)	146,158	145,202
Long term debt (Note 9)	50,260	51,106
	252,158	243,906
Net Assets:		
Endowments (Note 10)	25,446	21,886
Investment in capital assets	56,665	51,210
Internally restricted net assets (Note 12)	70,513	61,753
Unrestricted net assets	2,872	1,199
	155,496	136,048
	$ 407,654	$ 379,954

The accompanying notes are part of these consolidated financial statements.

GRANT MacEWAN COLLEGE
CONSOLIDATED STATEMENT OF REVENUE AND EXPENSE
FOR THE YEAR ENDED June 30, 2009
($ thousands)

	2009	2008
Revenue		
Grants	$ 104,020	$ 89,653
Tuition and related fees	55,568	53,147
Sales, rentals and services	25,406	26,437
Amortization of deferred capital contributions (Note 8)	6,672	5,952
Contract programs	4,808	4,586
Donations	1,163	1,460
Investment income (Note 11)	1,308	3,419
	198,945	184,654
Expense		
Salaries and benefits	111,469	102,543
Supplies and services	41,230	35,671
Amortization of capital assets	13,581	12,327
Cost of goods sold	8,199	8,694
Utilities	4,515	4,176
Scholarships and bursaries	1,894	1,899
Interest on long term debt	2,931	2,953
	183,819	168,263
Excess of revenue over expense	$ 15,126	$ 16,391

The accompanying notes are part of these consolidated financial statements.

GRANT MacEWAN COLLEGE
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED June 30, 2009
($ thousands)

	2009					2008
	Endowments (Note 10)	Investment in Capital Assets	Internally Restricted (Note 12)	Unrestricted	Total	Total
Excess of revenue over expense	$ -	$ -	$ -	$ 15,126	$ 15,126	$ 16,391
Endowment contributions	4,014	-	-	-	4,014	4,941
Transfers for:						
(Encroachment)/Repayment	(816)	-	-	816	-	-
Acquisition of internally funded capital assets	-	10,782	-	(10,474)	308	-
Repayment of debt related to capital assets	-	1,784	-	(1,784)	-	-
Amortization of internally funded capital assets	-	(6,918)	-	6,918	-	-
Disposal of internally funded assets	-	(193)	-	193	-	-
Net appropriations to restricted funds	362	-	8,760	(9,122)	-	-
Increase (decrease) in net assets	3,560	5,455	8,760	1,673	19,448	21,332
Net assets at beginning of year	21,886	51,210	61,753	1,199	136,048	114,208
Adjustment due to change in accounting policy	-	-	-	-	-	508
Net assets at end of year	$ 25,446	$ 56,665	$ 70,513	$ 2,872	$ 155,496	$ 136,048

The accompanying notes are part of these consolidated financial statements.

GRANT MacEWAN COLLEGE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED June 30, 2009

($ thousands)

	2009	2008
Cash provided from (used in) operating activities:		
Excess of revenue over expense	$ 15,126	$ 16,391
Add (deduct) non-cash transactions:		
Allowance for doubtful accounts	(156)	282
Amortization of capital assets	13,581	12,327
Loss on disposal of capital assets	159	380
Amortization of deferred capital contributions	(6,672)	(5,952)
Gift in Kind	(49)	(23)
Accrued future employee benefits	924	554
Change in unrealized loss on investments	2,022	2,778
	24,935	26,737
Net change in non-cash working capital (*)	5,296	(7,430)
	30,231	19,307
Cash provided from (used in) investing activities:		
Acquisition of capital assets:		
Internally funded	(10,474)	(6,258)
Externally funded	(7,579)	(16,919)
Debt funded	-	(1,800)
Proceeds on disposal of capital assets	42	442
Acquisition of long term investments (net) (**)	(4,793)	(6,904)
	(22,804)	(31,439)
Cash provided from (used in) Financing activities:		
Endowment contributions	4,014	4,941
Capital asset contributions	10,470	6,231
Construction payables	(2,688)	(3,270)
Long-term debt	(1,784)	433
	10,012	8,335
Increase (Decrease) in cash and cash equivalents	17,439	(3,797)
Cash and cash equivalents, beginning of year (**)	85,555	89,352
Cash and cash equivalents, end of year	$ 102,994	$ 85,555

(*) Net Change in non-cash working capital:		
Decrease in accounts receivable	$ (233)	$ 907
(Increase) decrease in Inventories	(449)	359
(Increase) decrease in prepaid expenses	(626)	391
Increase (decrease) in accounts payable and accrued liabilities	2,257	(948)
Increase in unearned revenue	232	387
Increase (descrease) in deferred contributions	4,115	(8,526)
	$ 5,296	$ (7,430)

**** Prior year investments have been reclassified to conform to current year presentation.**

The accompanying notes are part of these consolidated financial statements.

Note 1 Authority and Purpose

Grant MacEwan College (the "College") operates under the authority of the *Post Secondary Learning Act*. The College offers undergraduate degree programs, applied degrees, diplomas, certificates and degree transfer programs in business, health and community studies, arts and science, and performing visual and communication arts. The College also offers continuing education programs, corporate training, on-line credentials, and rural consortium programs. Internationally, the College provides diploma programs in Ukraine and Russia as well as course delivery in several other countries.

The College is a registered charity, and under Section 149 of the *Income Tax Act* is exempt from payment of income tax.

Note 2 Significant Accounting Policies and Reporting Practices

These consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The measurement of certain assets and liabilities is contingent upon future events, therefore, the preparation of these statements requires the use of estimates. Actual results could differ from these estimates.

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable and expenditures are recognized when goods or services are received.

Information on accounting policies and reporting practices are addressed below.

(a) **Consolidated Financial Statements**
These consolidated financial statements include the accounts of the Grant MacEwan College Foundation, which operates under part 9 of the *Companies Act* of Alberta for the support and advancement of the College. The Foundation is a registered charity and is exempt from payment of income taxes.

(b) **Capital Assets**
Capital asset acquisitions are recorded at cost, except donated assets, which are recorded at fair market value, when a fair value can be reasonably determined. Land and art collections are recorded at cost.

Capital assets are amortized on a straight-line basis over the following average useful lives:

Buildings and site improvements	10 to 40 years
Furniture, equipment and vehicles	10 years
Library materials	10 years
Computers and telecommunications equipment	5 years
Equipment under capital lease	period of the lease

Land and art collections are not amortized.

(c) **Revenue Recognition**

The financial statements record the following items as revenue:

- Tuition fees when the instruction is delivered.
- Revenues received for services and products when the services or products are provided.
- Unrestricted contributions when received.
- Unrestricted investment income when earned.
- Endowment contributions when received, as direct increases in net assets.
- Restricted non-capital contributions are recorded as deferred contributions when received and recognized as revenue when the conditions of the restriction are met.
- Restricted non-capital investment income is recorded as deferred contributions when earned and recognized as revenue when the conditions of the restriction are met.
- Restricted capital contributions (including investment income on the contributions) are recorded as deferred capital contributions when received, transferred to unamortized deferred capital contributions when expended, and amortized to revenue over the useful life of the related assets.

Investment income includes interest income and realized and unrealized investments gains and losses.

(d) **Pension Obligation and Expense**

The College and its eligible employees participate in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The College records an expense for pension benefits equivalent to the annual contributions payable during the year. Accounting treatment for multi-employer pension plans is the same as for defined contribution plans and, therefore, no plan deficits or surpluses are recorded in the College accounts.

(e) **Financial Instruments**

Financial Instruments consists of cash, investments, accounts receivable, accounts payable, accrued liabilities and other liabilities. The College has classified cash and cash equivalents and all of its investments as held for trading. Financial Instruments classified as held-for-trading are measured at fair value with changes in fair value recognized in the Statement of Revenue and Expense. Accounts receivable, accounts payable and long-term obligations are measured at amortized cost using the effective interest rate method.

As permitted for Not-for-Profit Organizations, the College has elected to not apply the standards on derivatives embedded in non-financial contracts. The College has elected to continute to follow CICA Handbook Section 3861: *Financial Instrument - Disclosure and Presentation*. The College does not use hedge accounting, therefore, it is not impacted by the requirement of CICA Handbook Section 3865: *Hedges*.

The value of the College's financial instruments are recognized on their settlement date. Transactions costs related to all financial instruments are expensed as incurred.

Financial instruments of the College are exposed to various business risks including credit risk, interest rate risk, foreign exchange risk and market risks.

Credit risk is inherent in the College's accounts receivable and are subject to normal business expenses as the potential for student or vendor to fail to meet or to default on their contractual obligations. Interest rate arises from the fluctuations in interest rates and the degree of volatility of these rates. Foreign exchange risk is the risk of rising costs related to purchase transactions mainly in US currency and amounts collected

($ thousands)

for receivables which are due in US currency. Market risk is the risk to the College's earnings that arises from the fluctuation and the degree of volatility in the market value of its long-term investments. Each of these risks is mitigated by the College through its collection procedures, investment policy and guidelines, and internal policies and procedures.

(f) **Cash and Cash Equivalents**

Cash and cash equivalents is comprised of cash on deposit, including deposits in the Consolidated Cash Investment Trust Fund (CCITF) which is managed with the objective of providing competitive interest income to the depositors while maintaining maximum security and liquidity of depositors' capital.

The cash value holding in CCITF at June 30, 2009 is $15,600 (2008 - $15,201). The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at June 30, 2009, securities held by the Fund have an average effective market yield of 1.22% per annum.

(g) **Capital Disclosures**

Effective July 1, 2008, the College adopted CICA 1535: *Capital Disclosures*, which established guidelines for the disclosure of information regarding the College's capital and how it is managed.

The College defines its capital as the amounts included in deferred contributions (Note 6), deferred capital contributions (Note 7), endowment net assets (Note 10) and unrestricted net assts. A significant portion of the College's capital is externally restricted. The College has investment policies (Note 4), spending policies and cash management procedures to ensure the College can meet its capital obligations. Adoption of CICA 1535 had no effect on the financial statements for the year ending June 30, 2009 with the exception of this additional note disclosure.

Under the Post-Secondary Learning Act, the College must receive ministerial approval for a deficit budget, borrowing and the sale of any land or buildings. The College does not have a deficit budget.

Note 3 Inventories

Inventories for resale are valued at the lower of cost or net realizable value, with cost determined on a moving average basis. Inventories held for consumption are valued at cost.

	2009	2008
Bookstores	$ 1,875	$ 1,358
Other inventories	113	180
	$ 1,988	$ 1,538

Other inventories include preprinted stationary and student prize inventory.

($ thousands)

Note 4 Investments

	2009		2008	
	Market Value	Cost	Market Value	Cost
Pooled Funds				
Common stocks and equivalents	$ 16,024	$ 19,878	$ 16,220	$ 17,728
Fixed income securities	16,539	16,710	15,633	16,128
Cash and equivalents	243	243	1,852	1,852
Cash holdings	7,891	7,891	4,289	4,289
Cash surrender value of planned gifts (life insurance policies)	729	729	696	696
Other	491	491	456	456
	$ 41,917	$ 45,942	$ 39,146	$ 41,149

As at June 30, 2009, the average annualized effective yields and the terms to maturity are as follows:

- Cash and equivalents: 2.2% (2008 - 4.52%); term to maturity average 87 days.
- Fixed income securities: 7.98% (2008 - 6.28%); terms to maturity average 7.13 years.

The College's investment holdings are managed by McLean Budden using a specified range of asset mix in pooled funds to achieve an acceptable return and risk appropriate for a publicly funded post-secondary educational institution. The investment holdings managed by McLean Budden are currently separated into two funds, Unrestricted Operating and Restricted Endowments. As at June 30, 2009, the market value of the two funds were: Unrestricted Operating with investment holdings of $17,289 (2008 - $17,364); and Restricted Endowment with investment holdings of $15,517 (2008 - $16,341). The balance of the investment portfolio $9,111 (2008 - $5,441) is held in cash as identified above.

The asset allocation mix for the Unrestricted Operating fund as of June 30, 2009 was 15.89% for Canadian Equities (policy range 15-25%); 21.64% for Global Equities (policy range 10-30%); and 62.47% for Bonds and Fixed income (policy range 50-75%).

Th asset allocation mix for the Restricted Endowment fund as of June 30, 2009 was 26.00% for Canadian Equities (policy range 20-40%); 31.51% for Global Equities (policy range 20-40%); and 42.49% for Cash and Fixed Income (policy range 25-55%).

On a quarterly basis, the College's investment portfolio performance is presented to the Board of Governors, Audit and Finance Committee.

($ thousands)

Note 5 **Capital Assets**

	2009			2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 23,607	$ -	$ 23,607	$ 22,961
Buildings and site improvements	264,769	(70,218)	194,551	194,387
Furniture, equipment and vehicles	28,366	(12,513)	15,853	14,067
Library materials	13,023	(6,939)	6,084	5,357
Computers and telecommunications equipment	24,079	(12,800)	11,279	9,055
Equipment under capital lease	3,171	(929)	2,242	1,386
Art collection	291	-	291	285
Work in process	1,270	-	1,270	1,654
	$ 358,576	$ (103,399)	$ 255,177	$ 249,152

Note 6 **Deferred Contributions**

Deferred contributions represent unspent funds externally restricted for non-capital purposes.

	2009	2008
Balance, beginning of the year	$ 19,137	$ 27,663
Adjustment due to change in accounting policy	-	268
Adjusted Balance, beginning of the year	19,137	27,931
Grants and donations	28,079	15,219
Recognized as revenue	(24,238)	(19,765)
Transferred:		
• from (to) investment income (Note 11)	29	(268)
• from (to) endowments	(579)	(273)
• from (to) Capital Deferred Contributions (Note 7)	824	(3,707)
Balance, end of the year	$ 23,252	$ 19,137

The balance consists of funds restricted for:

	2009	2008
Program support	$ 15,829	$ 17,037
Infrastructure maintenance and repair	4,375	-
Access to the Future	2,565	1,804
Scholarships and Bursaries	384	286
Research Projects	99	10
	$ 23,252	$ 19,137

($ thousands)

Note 7 Deferred Capital Contributions

Deferred capital contributions represent unspent funds externally restricted for capital purposes.

	2009	2008
Balance, beginning of the year	$ 1,523	$ 12,233
Grants and donations	11,057	2,524
Transferred:		
• from (to) investment income (Note 11)	16	-
• from (to) deferred contributions (Note 6)	(824)	3,707
• to Unamortized deferred capital contributions (Note 8)	(7,407)	(16,941)
Balance, end of the year	$ 4,365	$ 1,523

The balance for Capital Deferred Contributions consists of funds restricted for:

	2009	2008
Fire Alarm System Replacement	$ 3,516	$ -
Building Fund	849	199
CCC Building Roof Repair	-	1,324
	$ 4,365	$ 1,523

Note 8 Unamortized Deferred Capital Contributions (UDCC)

UDCC represents the unamortized grants and donations received to fund capital acquisitions. The amortization of UDCC is recorded as revenue in the statement of operations. The change in the UDCC balance is as follows:

	2009	2008
Balance at beginning of year	$ 145,202	$ 134,213
Transferred from deferred contributions (Note 6) (Note 7)	7,628	16,941
Less amount amortized to revenue	(6,672)	(5,952)
Balance at end of year	$ 146,158	$ 145,202

GRANT MacEWAN COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2009
($ thousands)

Note 9 Long-term Debt

	Collateral	Maturity Date	Interest Rate %	Amount Outstanding 2009	Amount Outstanding 2008
Parkade debenture	Parkade revenue	April 2025	6.25	$ 5,093	$ 5,276
Student residence debenture	Student residence revenue	June 2030	5.85	37,704	38,600
West parkade debenture	Parkade revenue	Sept. 2030	4.39	5,498	5,649
Robbins Health Learning Centre parkade debenture	Parkade revenue	Sept. 2032	4.89	1,742	1,781
Total Alberta Capital Finance Authority				50,037	51,306
Obligations under capital leases				2,316	1,433
				52,353	52,739
Less current portion				2,093	1,633
				$ 50,260	$ 51,106

The principal portion of long-term debt repayments required over the next five years are as follows:

2010	$ 2,093
2011	2,113
2012	2,018
2013	1,818
2014	1,770
Subsequent years	42,541
	$ 52,353

Note 10 Endowments

Endowments consist of permanent funds bestowed to the College for specific purposes as identified by external donors or internal allocations by the College. Under a court order obtained in 2005, the College has the authority to alter the terms and conditions of endowments under certain circumstances and to encroach upon the principal. Where a particular transferred trust is insufficient to meet its original purpose or where the effects of inflation render the bursary, scholarship or other amount intended to be awarded or expended under such trust immaterial or ineffective for the purposes intended, or where for any other reason the College deems it prudent to regulate the distribution of income earned by a transferred trust, the College may, in its discretion (after consultation with the Donor, if possible and practical):

- Suspend or withhold or alter the timing of awards or expenditures;
- Change or vary the purposes for which the transferred trust is to be utilitized;
- Permanently or temporarily reduce or increase the amount to be rewarded or expended under such trust;
- Amend the terms of the trust to permit encroachment on the capital of such trust but only to the extent required to cure such insuffiency; or
- Any combination of the foregoing.

GRANT MacEWAN COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2009
($ thousands)

At June 30, 2009, $1,805 was encroached upon the principal. To address the spending and the losses resulting from the economic downturn, the College has:

- Initiated a reduction in endowment expendable rate from 5% to 4% (approved by the Board of Directors on April 2, 2008);
- Initiated a full review of the investment performance to regulate investments and investment spending practices;
- Initiated a review and update of policies; and
- Devised a plan to work with the donors to match contributions which will be applied to the endowment spending.

	2009	2008
Balance beginning of year	$ 21,886	$ 16,837
Adoption of new financial instruments accounting standards	-	331
Principal contribution	2,367	2,520
Transfer from endowments	(14)	26
Access to the Future Contribution	1,641	2,775
Internal transfer and College support	362	365
Investment losses	(796)	(968)
	$ 25,446	$ 21,886

	2009	2008
Endowments consist of funds held to provide scholarships and support College programs:		
Externally restricted	$ 24,238	$ 19,823
Internally restricted	3,013	3,052
	27,251	22,875
Transfers for Encroachment	(1,805)	(989)
	$ 25,446	$ 21,886

($ thousands)

Note 11 Investment Income

	2009	2008
Gain/(Loss) on restricted investments	$ (655)	$ (589)
Gain on unrestricted investments	2,028	3,761
Total investment income for the year	1,373	3,172
Transfer from/(to):		
• deferred contributions	(29)	268
• deferred capital contributions	(16)	-
• endowments	(20)	(21)
Total investment income recognized as revenue	$ 1,308	$ 3,419

Note 12 Internally Restricted Net Assets

Internally restricted net assets represents the amount of unrestricted net assets that have been set aside for specific purposes. The Board has committed unrestricted net assets as follows:

	Balance at beginning of year	Disbursements during the year	Appropriations from (returned to) unrestricted net assets	Balance at end of year
City Centre completion	$ 20,518	$ -	$ 2,982	$ 23,500
ERP Renewal/Tech. Enhancement	15,506	(4,506)	6,000	17,000
Program & operating contingency	12,425	(5,429)	7,135	14,131
Capital renewal & replacement	8,926	(8,926)	6,010	6,010
Infrastructure maintenance	1,000	-	4,000	5,000
Residence contingency	1,000	-	-	1,000
Student tuition reinvestment	1,000	-	-	1,000
Scholarships & bursaries	507	-	1,400	1,907
Sustainability	500	-	-	500
Special projects	371	(372)	466	465
	$ 61,753	$ (19,233)	$ 27,993	$ 70,513

($ thousands)

Note 13 Salary & Benefits Disclosure

(a) The following disclosure complies to Alberta Provincial Treasury Board Salary and Benefits Disclosure directive. (December 1998 - Amended 2007). The College contributed $6,015 (2008: $5,259) to the Local Authorities' Pension Plan on behalf of employees. This amount has been recognized as a benefit expense in the College accounts in the year the contributions were made.

(b)

	2009				2008
	Base Salary (1)	Other Cash Benefits (2)	Other Non-cash Benefits (3)	Total	Total
Chairman of the Board	$ -	$ 6	$ 1	$ 7	$ 6
Board Members	-	30	-	30	37
President (4)	265	1	72	338	319
Provost and Executive Vice President, Academic (5)	221	1	56	278	255
Vice President, Corporate Services and CFO (5)	208	13	46	267	253
Vice President, Fund Development (5)	182	1	36	219	-
Vice President, Student Services (5)	171	1	36	208	189
Executive Director, Human Resources (6)	148	1	24	173	165
Executive Director, Strategic Planning (6)	143	1	21	165	157

(1) Base salary includes pensionable base pay.
(2) Other cash benefits includes overtime, lump sum payments, honoraria and vacation payouts.
(3) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, long and short-term disability plan, professional memberships and tuition. Other non-cash benefits figure also includes the employer's share of the cost of additional benefits including sabbaticals or other special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.
(4) The College provides an automobile, the value of which is not included in other non-cash benefit figures. Other non-cash benefits figure includes the employer share of the cost of the Supplemental Executive Retirement Plan and a taxable benefit for the purchase of the College's leased vehicle.
(5) Vice Presidents receive a car allowance, the value of which is included in non-cash benefit. Other non-cash benefits figure includes the employer share of the cost of the Supplemental Executive Retirement Plan.
(6) Other non-cash benefits figure includes the employer share of the cost of the Supplemental Executive Retirement Plan

($ thousands)

(c) Under the terms of the Supplemental Executive Retirement Plan (SERP), executive officers may receive supplemental retirement payments. Retirement arrangement costs as detailed below are not cash payments in the period but are period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post employment period. The SERP provides future pension benefits to participants based on years of service and earnings. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage. Net actuarial gains and losses of the benefit obligations are amortized over the average remaining service life of the employee group. Current service cost is the actuarial present value of the benefits earned in the current year, including amortization of past service costs on plan initiation, amortization or actuarial gains and losses, and interest accruing on the actuarial liability.

The accrued benefit obligation for each executive under the SERP is outlined in the following table:

Executive	Accrued Obligation June 30, 2008	Current Service Cost	Interest Cost	Actuarial Loss/(Gain)	Accrued obligation June 30, 2009
President	$ 123	$ 31	$ 9	$ (19)	$ 144
Provost and Executive Vice President, Academic	35	17	3	3	58
Vice Presidents:					
Corporate Services and CFO	22	11	2	7	42
Student Services	12	6	1	1	20
Fund Development	-	9	-	-	9
Executive Directors					
Human Resources	4	3	-	(3)	4
Strategic Planning	1	-	-	-	1
	$ 197	$ 77	$ 15	$ (11)	$ 278

The significant actuarial assumptions used are as follows:

	2009	2008
Discount rate	5.60%	5.60%
Rate of compensation increase	4.00%	4.00%
Inflation rate	2.50%	2.50%
Estimated average remaining service life	11	10

GRANT MacEWAN COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2009
($ thousands)

Note 14 **Related Party Transactions**

The College is a Provincial Corporation. All of the members of the Board of Governors are appointed either by the *Post Secondary Learning Act* or by a combination of orders by the Lieutenant Governor in Council and the Minister of Advanced Education and Technology.

The College received the following grants directly from the Province of Alberta or indirectly through related entities:

	2009			
	Deferred contributions	Deferred capital contributions	Grant Revenue	Total
Alberta Advanced Education and Technology				
Regular Operating	$ -	$ -	$ 81,321	$ 81,321
Enrolment Planning	18,885	6,169	-	25,054
Conditional	2,310	-	-	2,310
Access to the Future Fund	1,364	-	-	1,364
Infrastructure Maintenance Program	2,966	514	-	3,480
Fire Alarm System Replacement	-	3,516	-	3,516
Other provincial departments and agencies	166	141	-	307
	25,691	10,340	81,321	117,352
Deferred contributions recognized as grant revenue	(22,419)	-	22,419	-
	$ 3,272	$ 10,340	$ 103,740	$ 117,352

	2008			
	Deferred contributions	Deferred capital contributions	Grant Revenue	Total
Alberta Advanced Education and Technology				
Regular Operating	$ -	$ -	$ 70,268	$ 70,268
Performance Envelope funding	-	-	581	581
Enrolment Planning	12,921	-	-	12,921
Conditional	440	1,324	-	1,764
Access to the Future Fund	463	-	-	463
Robbins Health Learning Centre	-	199	-	199
Other provincial departments and agencies	22	-	-	22
	13,846	1,523	70,849	86,218
Deferred contributions recognized as grant revenue	(18,622)	(55)	18,677	-
	$ (4,776)	$ 1,468	$ 89,526	$ 86,218

($ thousands)

The College has accounts receivable from the Province of Alberta of $443 (2008 - $1,306) and accounts payable to the Province of Alberta of $296 (2008 - $340).

The Province of Alberta has provided $1,642 (2008 - $2,775) in matching grants for externally restricted endowment contributions during the year, which is included in endowment net assets.

The College has long-term obligations with Alberta Capital Finance Authority as listed in Note 9 Long Term Debt.

The College provided courses to provincial government departments and participated in offering certain courses with other post-secondary institutions. The revenues and expenses incurred for these courses have been included in the consolidated statement of revenue and expense but have not been separately quantified. These transactions were entered into on the same business terms as with non-related parties and are recorded at these fair value amounts.

Note 15 **Budget**

The Board of Governors approved the following budget relating to the College's operating revenue and expenses for the fiscal period ending June 30, 2009:

Revenue		
Grants	$	91,210
Tuition and related fees		55,588
Sales, rentals and services		25,142
Amortization of deferred capital contributions		5,192
Contract Programs		4,363
Donations		1,838
Investment income		3,003
Total Revenue	$	186,336
Expense		
Salaries and benefits	$	118,231
Supplies and services		34,565
Amortization of capital assets		12,029
Cost of goods sold		8,893
Utilities		4,952
Scholarships and bursaries		1,232
Interest on long term debt		2,901
Total Expense	$	182,803
Excess of Revenue over Expense	$	3,533

($ thousands)

Note 16 Contractual Obligations

The College is committed to several operating lease and service contracts. The minimum operating lease and service contract payments required for the next five years are as follows:

2010	$	1,299
2011		776
2012		553
2013		242
2014		94

Note 17 Contingent Liabilities

The College is a defendant in a number of legal proceedings. Claims against the College in these proceedings have not been reflected in these financial statements. While the ultimate outcome and liability of these proceedings cannot be reasonably estimated at this time, the College believes that any settlement will not have a material effect on the financial position or the results of operations of the College.

Note 18 Funds Held on Behalf of Others

The College holds the following funds on behalf of others over which the Board has no power of appropriation. Accordingly, these funds are not included in the consolidated financial statements.

	2009	2008
Yellowhead Region Educational Consortium	$ 1,051	$ 998
Yellowhead Region Educational Society	100	99
Pembina Educational Consortium	503	320
Grant MacEwan College Faculty Association	1,253	1,305
Other	12	12
	$ 2,919	$ 2,734

Note 19 Comparative Amounts

Certain amounts have reclassified in 2008 numbers to conform to current year presentation.

Note 20 Approval of Financial Statements

These financial statements were approved by the Board of Governors on October 8, 2009.

Keyano College

Financial Statements

June 30, 2009

KEYANO COLLEGE

FINANCIAL STATEMENTS

JUNE 30, 2009

Auditor's Report

To the Board of Governors of Keyano College

I have audited the statement of financial position of Keyano College as at June 30, 2009 and the statements of revenue and expense and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
September 15, 2009

KEYANO COLLEGE
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2009

ASSETS	2009	2008
Current:		
Cash (Note 3)	$ 15,590,693	$ 13,465,791
Short-term investments (Note 4)	2,004,848	3,046,848
Accounts receivable	3,028,853	3,176,745
Inventories (Note 5)	424,936	351,177
Prepaid expenses	423,294	473,633
	21,472,624	20,514,194
Long-term investments (Note 4)	10,522,508	9,981,083
Tangible capital assets (Note 6)	94,483,553	94,853,837
	$ 126,478,685	$ 125,349,114
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 2,806,384	$ 3,398,123
Accrued vacation pay	2,638,746	2,408,347
Unearned revenue (Note 7)	1,844,815	1,430,484
Long-term debt due within one year (Note 10)	482,634	456,182
Deferred contributions (Note 8)	11,520,442	8,305,223
	19,293,021	15,998,359
Long-term:		
Long-term debt (Note 10)	5,448,796	5,930,212
Deferred contribution for capital purposes (Note 9)	4,179,391	5,239,618
Unamortized deferred capital contributions (Note 11)	64,851,720	64,570,603
	74,479,907	75,740,433
Net assets:		
Endowments (Note 12)	2,719,740	2,177,840
Investment in tangible capital assets (Note 13)	23,700,403	23,896,840
Unrestricted		
Accumulated excess of revenue over expenses	7,148,617	7,662,355
Accumulated net unrealized loss on investments (Note 20)	(863,003)	(126,713)
	6,285,614	7,535,642
	32,705,757	33,610,322
	$ 126,478,685	$ 125,349,114

The accompanying notes are part of these financial statements.

KEYANO COLLEGE
STATEMENT OF REVENUE AND EXPENSE
FOR THE YEAR ENDED JUNE 30, 2009

	2009 Budget (Note 14)	2009 Actual	2008 Actual
Revenue:			
Grants	$ 38,243,919	$ 40,539,234	$ 36,674,230
Sales, rentals and services	9,427,865	9,177,599	8,502,584
Tuition	13,352,502	9,764,670	9,272,919
Education contracts	2,198,656	1,687,457	1,646,963
Investment income (Note 4)	598,500	546,460	986,708
Donations	2,778,965	1,456,168	1,212,210
Amortization of deferred capital contributions (Note 11)	2,950,177	3,241,736	3,103,929
	69,550,584	66,413,324	61,399,543
Expense:			
Salaries and benefits	48,263,896	44,514,612	40,425,639
Supplies and services	12,529,368	13,276,855	11,941,568
Scholarships and awards	621,550	401,013	419,675
Utilities	1,783,098	2,079,144	1,700,131
Cost of goods sold	766,227	919,227	1,053,879
Amortization	4,738,575	4,945,824	4,706,200
Interest on long-term debt	418,559	413,605	474,842
Loss on disposal of tangible capital assets	-	36,317	140,274
Transfer to Keyano Foundation (Note 21)	429,311	536,902	510,253
	69,550,584	67,123,499	61,372,461
(Shortfall)/excess of revenue over expense	$ -	$ (710,175)	$ 27,082

The accompanying notes are part of these financial statements.

KEYANO COLLEGE
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

	2009				2008
	Endowments (Note 12)	Investment in Tangible Capital Assets (Note 13)	Unrestricted Net Assets	Total	Total
Net assets, beginning of year	$ 2,177,840	$ 23,896,840	$ 7,535,642	$ 33,610,322.00	$ 34,176,918
(Shortfall)/excess of revenue over expense			(710,175)	(710,175)	27,082
Net unrealized loss on available-for-sale investments (Note 20)			(736,290)	(736,290)	(799,925)
Endowments received	541,900			541,900	206,247
Tangible capital assets acquired from internal funds		1,089,098	(1,089,098)	-	-
Amortization of internally funded tangible capital assets		(1,704,087)	1,704,087	-	-
Net book value of disposals		(37,667)	37,667	-	-
Principal repayment of long-term debt		259,172	(259,172)	-	-
Repayment of capital lease obligations		197,047	(197,047)	-	-
	$ 2,719,740	$ 23,700,403	$ 6,285,614	$ 32,705,757	$ 33,610,322

The accompanying notes are part of these financial statements.

KEYANO COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

	2009	2008
Cash provided from operating activities:		
(Shortfall)/excess of revenue over expense	$ (710,175)	$ 27,082
Non-cash transactions:		
Amortization of tangible capital assets	4,945,824	4,706,200
Amortization of deferred capital contributions	(3,241,736)	(3,103,929)
Loss on disposal of tangible capital assets	36,317	140,274
	1,030,230	1,769,627
Changes in working capital (Note 18)	4,671,403	7,250,626
Cash generated from operating activities	5,701,633	9,020,253
Cash provided from (used in) investing activities:		
Purchases of tangible capital assets:		
Internally funded	(1,089,098)	(1,408,715)
Externally funded through contributions and debt	(3,458,603)	(7,877,606)
Proceeds on disposals of tangible capital assets	1,348	110,144
Purchase of long term investments - net	(1,514,437)	(1,166,357)
Cash used in investing activities	(6,060,790)	(10,342,534)
Cash provided from (used in) financing activities:		
Capital contributions received	2,398,377	4,531,316
Endowment contributions	541,900	206,247
Long-term debt repayment	(456,218)	(409,797)
Long-term debt additions		594,829
Cash generated from financing activities	2,484,059	4,922,595
Increase in cash	2,124,902	3,600,314
Cash at beginning of year	13,465,791	9,865,477
Cash at end of year	$ 15,590,693	$ 13,465,791

The accompanying notes are part of these financial statements.

KEYANO COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

Note 1 Authority and Purpose

Keyano College operates under the authority of the Post-secondary Learning Act, Statutes of Alberta 2003, Chapter P-19.5. The College is a comprehensive community college serving primarily the north-eastern region of Alberta. The College is exempt from payment of income tax under Section 149 of the Income Tax Act.

Note 2 Summaries of Significant Accounting Policies and Reporting Practices

(a) General and Use of Estimates

The financial statements of the College have been prepared in accordance with Canadian generally accepted accounting principles. The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these financial statements requires the use of estimates, which may vary from actual results.

(b) Revenue Recognition

Operating grants are recognized as revenue in the period when receivable. Operating grants received for a future period are deferred until that future period and are reflected as deferred contributions.

Amounts received for tuition fees and sales of goods and services are recognized as revenue at the time the goods are delivered or the services are provided.

Externally restricted non-capital contributions, including restricted investment income on endowment net assets, are recorded as deferred contributions and recognized as revenue in the period in which the related expenses are incurred and conditions of the contribution are met. Unrealized gains and losses on available-for-sale securities attributed to endowment net assets are also recorded in deferred contributions. Externally restricted amounts can only be used for purposes designated by the contributors. Any externally restricted contributions containing stipulations that the amounts should be retained as net assets or that the contributions should not be expended are recorded as direct increases in net assets. Such stipulations would include contributions made for endowment purposes or to be used to acquire non-amortizable property.

Note 2 Summaries of Significant Accounting Policies and Reporting Practices (continued)

(b) Revenue Recognition (continued)

Acquisitions of externally restricted capital contributions are recorded as deferred contributions for capital purposes until the amount is invested to acquire tangible capital assets. Capital assets are transferred to unamortized deferred capital contributions. Unamortized deferred capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded tangible capital asset is recorded.

Contributions of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

(c) Inventories

Inventories held for resale are valued at the lower of cost and net realizable value. Inventories held for consumption are valued at the lower of cost and replacement value.

(d) Financial instruments

The College has classified cash as held-for-trading, and is recorded at fair value with changes in fair value recorded through Statement of Revenue and Expense.

Short and long term investments are classified as available-for-sale and include fixed income and marketable equity securities. Financial assets classified as available-for-sale are measured at fair value with changes in fair values recognized in the statement of changes in Net Assets or deferred contributions as appropriate until realized, at which time the cumulative changes in fair value are recognized in the Statement of Revenue and Expense. Fair value for publicly traded securities are based on the closing market prices. The College utilizes settlement date accounting for all purchases and sales of financial assets in its investment portfolio.

Accounts receivable are classified as loans and receivable. After initial fair value measurements, they are measured at amortized cost.

Accounts payable and accrued liabilities, employee benefit liabilities, and long-term debt are classified as other financial liabilities. After their initial fair value measurement, they are measured at amortized cost.

The carrying amounts of accounts receivable, accounts payable, accrued liabilities, vacation pay, and current portion of long-term debt approximate their fair value due to the short-term maturities and market interest rates of these items.

Note 2 Summaries of Significant Accounting Policies and Reporting Practices (continued)

(d) Financial instruments (continued)

The carrying value of the College's long-term debt approximates its fair value, as there have been no significant changes in lending rates or other conditions.

The College as part of its operations carries a number of financial instruments. It is management's opinion that the College is not exposed to significant interest, currency or credit risks arising from these financial instruments. The College has policies and procedures in place governing asset mix, diversification, exposure limits, credit quality and performance measurement.

(e) Tangible Capital Assets

Tangible capital asset acquisitions are recorded at cost except for donated assets, which are recorded at fair market value at the time of receipt. Tangible capital assets are amortized on a straight-line basis over the following estimated average useful lives:

	Years
Land improvements	40
Buildings and renovations	15-40
Furnishings and equipment	10-25
Automotive and heavy equipment	5-25
Library materials	10
Audio-visual equipment	10
Computer hardware and software	5-10

(f) Employee Future Benefits

The College participates in the Local Authorities Pension Plan. This pension plan is a multi-employer defined benefit pension plan that provides pensions for the College's participating employees, based on years of service and earnings.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates that are expected to provide for benefits payable under the pension plan. The College does not record the College's portion of the pension plan's deficit.

Note 2 Summaries of Significant Accounting Policies and Reporting Practices (continued)

(g) Translation of Foreign Currencies

Monetary assets are translated into Canadian dollars at the rate of exchange at Statement of Financial Position date. Non-monetary items are translated at historical exchange rates. Revenue and expense items are translated at the rate of exchange in effect on the dates they occur.

(h) Capital disclosure

Effective July 1, 2008, the College adopted CICA 1535: Capital Disclosures. The new standard requires an entity to disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital.

The College defines its capital as the amounts included in deferred contributions (Notes 8) and deferred contributions for capital purposes (Note 9). A significant portion of the College's capital is externally restricted and the College's unrestricted capital is funded primarily by Alberta Advanced Education and Technology. The College has investment policies (Note 4), spending policies and cash management procedures to ensure the College can meet its capital obligations.

Under the Post-Secondary Learning Act, the College must receive ministerial approval for a deficit budget, borrowing and sales of any land or buildings.

Note 3 Cash

Daily bank balance earns interest at prime less 1.9%. At June 30, 2009, the College had an available line of credit totaling $1,000,000, none of which was drawn, which bears interest at Royal Bank prime plus 0.25%.

Note 4 Investments

	2009					2008	
	Short-term Investments	Long-term Investments	Market Value	Unrealized Gain/(Loss)	Total Cost	Market Value	Total Cost
Money market	$ 1,607,774		$ 1,607,774		$ 1,607,774	$ 3,046,848	$ 3,046,848
Bonds	397,074	4,774,816	5,171,890	(74,791)	5,246,681	5,238,214	5,325,889
Cdn Equities		2,895,708	2,895,708	(370,233)	3,265,942	2,554,535	2,349,202
US Equities		1,420,701	1,420,701	(323,898)	1,744,599	1,085,764	1,285,243
International Equities		1,431,282	1,431,282	(356,236)	1,787,518	1,102,570	1,172,896
	$ 2,004,848	$ 10,522,508	$ 12,527,356	$ (1,125,158)	$ 13,652,514	$ 13,027,931	$ 13,180,078

As at June 30, 2009, $2,719,740 at cost (2008 - $2,177,840 at cost) is restricted for endowment purposes.

The Board of Governors has approved investment policies covering both short and long-term investments of the College and the Sports and Wellness Centre.

The investment policy is as follows:

a) Quality constraint of "R1 or A1" or better for money market securities.
b) All corporate and provincial bonds will be rated "A" or higher, with the exception of the portfolio manager having discretion to purchase "BBB" rated securities up to a maximum of 15% of the market value of the fixed income component. There will be a maximum of 70% of the fixed income portfolio rated "A" or below.
c) No more than 10% of the fund will be invested in any one issuer, other than investments guaranteed by the Government of Canada or any province with a "AA" credit rating.
d) The fixed income category of the portfolio shall be a minimum of 40% and a maximum of 60% of the portfolio. This will consist of a maximum of 20% invested in short-term investments, and minimum of 40% invested in bonds.
e) The equity category of the portfolio shall be a minimum of 40% and a maximum of 60% of the portfolio. This will consist of a range of between 15%-50% Canadian equity and ranges of the 5%-20% for both U.S. and International Equity.
f) No more than a maximum of 10% of the equity component, at market, will be invested in any one corporation.
g) There will be a maximum of 2% in any one small cap company (capitalization < $500 million), and a maximum aggregate total of 20% in all small cap holdings.
h) Not more than 20% of the bond portfolio will be invested in maple bonds.
i) Not more than 25% of the bond portfolio shall be denominated for payment in foreign currency.

Note 4 Investments (continued)

Investment policy for the Sports and Wellness Centre is as follows:

Given the short-term nature of the account, the portfolio will be invested in money market securities and short-term bonds.

a) Money market category of the portfolio shall be a minimum of 70% and a maximum of 100% of the portfolio.
b) Short-term bonds shall be a maximum of 30% of the portfolio.
c) The Money Market Fund will invest in money market securities that are rated at least R-1 (low) by the Dominion Bond Rating Service (DBRS) or equivalent. These investments will be readily liquid securities maturing within one year or in cash.
d) Not more than 10% of the short-term portfolio shall be invested in any one issuer except for securities of, or guaranteed by: i) the Government of Canada, ii) a Province of Canada having at least a "AA" DBRS or equivalent rating or iii) a Canadian Bank having at least a "AA" DBRS or equivalent rating and whose short-term investments are rated R-1 (high) or equivalent.

The portion of the investments related to the Sports and Wellness Centre totaled $1,982,430 at June 30, 2009 market value (2008 - $1,933,180 at market value).

The effective yield for the portfolio on the bond investment is 4.63 % (2008 – 4.68%). The bond investments mature as follows:

	1 – 5 years	6 – 10 years	Over 10 years	Total
Bonds	$ 2,014,973	$ 1,656,861	$ 1,102,983	$ 4,774,816

Investment Income	2009	2008
Income earned	$ 699,186	$ 1,312,690
Restricted		
Transferred to deferred contributions (Note 8)	(99,730)	(169,481)
Transferred to deferred capital (Note 9)	(52,996)	(156,501)
Transferred to revenue (unresticted)	$ 546,460	$ 986,708

Note 5 Inventories

	2009	2008
Bookstore	$ 393,019	$ 314,385
Maintenance supplies	31,917	36,792
	$ 424,936	$ 351,177

Note 6 Tangible Capital Assets

Tangible capital assets are summarized as follows:

	2009			2008
	Cost and Appraised Value	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 12,779,392	$ -	$ 12,779,392	$ 12,779,392
Land improvements	463,183	92,636	370,547	382,126
Buildings and renovations	109,219,846	43,364,473	65,855,373	66,883,106
Furnishings and equipment	16,509,774	7,245,561	9,264,213	8,425,633
Automotive and heavy equipment	7,138,232	5,069,157	2,069,075	2,100,408
Library materials	2,262,114	1,977,084	285,030	280,710
Audio-visual equipment	1,433,344	816,028	617,316	608,654
Computer hardware and software	7,751,603	4,508,996	3,242,607	3,393,808
	$ 157,557,488	$ 63,073,935	$ 94,483,553	$ 94,853,837

Tangible capital assets include current year gift-in-kind additions with an assessed fair market value of $64,250.

The Province of Alberta has been granted an option to purchase the whole or any part of the land, buildings and improvements transferred to the College in 1984, at a value of $47,534,300, for the nominal amount of $1 per purchase.

Note 7 Unearned Revenue

	2009	2008
Tuition fees	$ 450,078	$ 499,228
Deferred memberships - Sports and Wellness Centre	439,887	315,232
Contract programs	954,850	616,024
	$ 1,844,815	$1,430,484

Note 8 Deferred Contributions

Deferred contributions represent unspent amounts externally restricted for non-capital purposes.

	2009	2008
Contributions:		
Restricted grants	$11,954,302	$12,996,426
Restricted donations	181,891	142,697
Investment income (Note 4)	99,730	169,481
	12,235,923	13,308,604
Transferred to revenue:		
Grants	(8,512,996)	(7,973,625)
Donations	(152,016)	(182,458)
Investment income	(118,971)	(63,664)
	(8,783,983)	(8,219,747)
Change in unrealized loss on endowment investments relating to deferred contributions	(236,721)	(25,434)
	(236,721)	(25,434)
Increase during the year	3,215,219	5,063,423
Balance at beginning of year	8,305,223	3,241,800
Balance at end of year	$11,520,442	$ 8,305,223
The balance consists of funds restricted for:		
Scholarships and bursaries	$ 797,126	$ 786,491
Operating and program delivery	2,895,677	3,643,576
Infrastructure and maintenance	4,094,789	1,707,772
Building code upgrade	2,812,499	1,014,229
Trades upgrade and expansion	576,006	1,178,589
Utility boiler replacement	301,500	-
Art gallery siding replacement	305,000	-
Unrealized loss on investments allocated to deferred contributions	(262,155)	(25,434)
	$11,520,442	$ 8,305,223

Note 9 Deferred Contributions for Capital Purposes

	2009	2008
Contributions		
Grants	$ 1,475,144	$ 3,416,169
Donations	870,236	958,646
Investment income (Note 4)	52,996	156,501
	2,398,376	4,531,316
Gift in kind	64,250	317,943
Transferred to unamortized deferred capital contributions (Note 11)	(3,522,853)	(7,579,358)
Decrease during the year	(1,060,227)	(2,730,099)
Balance, beginning of year	5,239,618	7,969,717
Balance, end of year	$ 4,179,391	$ 5,239,618
The balance consists of funds restricted for:		
Sports and Wellness Centre	$ 1,913,321	$ 1,953,721
Boiler expansion	1,908,992	2,270,018
Portable class rooms	-	400,000
Other capital projects	357,078	615,879
	$ 4,179,391	$ 5,239,618

Note 10 Long-term Debt

	2009	2008
Alberta Capital Finance Authority Debenture, interest at 6.5% per annum. Repayment of 25 consecutive annual installments of $450,898, principal and interest combined, secured by tangible capital assets with a net book value of $4,878,499. Maturity June 2026	$ 4,558,840	$ 4,703,980
Alberta Capital Finance Authority Debenture, interest at 4.26% per annum. Repayment of 20 consecutive semi-annual installments of $61,939, principal and interest combined, secured by tangible capital assets with a net book value of $849,692. Maturity March 2015	649,742	742,924
Obligations under Capital Lease Interest at varying rates of 7.96% to 14.1%. Payments of $274,198 annually principal and interest combined. Maturity from July 2010 to July 2012	706,142	901,934
Ford Credit Interest at 0%, repayment of $634, $551 and $551 per month respectively secured by related asset with a net book value of $26,307. Maturity August 2009 to August 2010	16,706	37,556
	5,931,430	6,386,394
Current portion	482,634	456,182
	$ 5,448,796	$ 5,930,212

Repayment of principal in each of the next five fiscal years will be as follows:

2010	$ 482,634
2011	500,550
2012	508,068
2013	327,293
2014	314,106

Note 10 Long-term Debt (continued)

All acquired intangibles, accounts, monies, accounts receivable, instruments, claims or rights, choices in action and insurance proceeds derived directly or indirectly from the operations of the student residence have been pledged as security on the Alberta Capital Finance Authority debenture.

Long-term debt is subject to certain covenants with respect to loan payments, property tax payments, and certain contract restrictions. As at June 30, 2009, the College is in compliance with all such covenants. It is management's opinion that the College is likely to remain in compliance with all long-term debt covenants throughout the next 12 months subsequent to June 30, 2009.

Note 11 Unamortized Deferred Capital Contributions

Unamortized deferred capital contributions represent the external funding of tangible capital assets which will be recognized as revenue in future periods.

	2009	2008
Balance at beginning of year	$ 64,570,603	$ 60,095,174
Add amount transferred		
Deferred contribution for capital purpose (Note 9)	3,522,853	7,579,358
Less amount amortized to revenue	(3,241,736)	(3,103,929)
Balance at end of year	$ 64,851,720	$ 64,570,603

Note 12 Endowments

Endowments are comprised of externally restricted amounts that are required to be maintained intact.

Note 13 Investments in Tangible Capital Assets

		2009	2008
Tangible capital assets		$ 94,483,553	$ 94,853,837
Less	Debt	(5,931,430)	(6,386,394)
	Unamortized deferred capital contributions (Note 11)	(64,851,720)	(64,570,603)
Balance at end of year		$ 23,700,403	$ 23,896,840

Note 14 Budget

The budget was approved by the Board of Governors on April 23, 2008.

Note 15 Funds Held on Behalf of Others

As of June 30, 2009, the College had $490,628 (2008 - $477,742) in funds held in trust for other parties. These amounts are not included in these financial statements.

Note 16 Ancillary Operations

The College's ancillary operations revenue included in sales, rentals and services and ancillary operations direct expense are summarized as follows:

	2009	2008
Revenue:		
Student residence	$ 2,509,456	$ 2,346,226
Food services facility rental contract	146,874	19,999
Bookstore	932,448	857,287
Theatre	1,121,842	1,136,138
Sports and Wellness Centre	3,094,940	1,568,471
Parking	291,049	281,569
	$ 8,096,609	$ 6,209,690
Expense:		
Student residence	$ 2,037,188	$ 2,139,500
Food services facility rental contract	14,051	7,722
Bookstore	903,869	959,051
Theatre	1,463,785	1,484,314
Sports and Wellness Centre	3,588,905	2,116,819
Parking	87,596	147,412
	$ 8,095,394	$ 6,854,818

Note 17 Salaries and Benefits

	2009				2008
	Salary (Note 1)	Other cash benefits (Note 2)	Other non-cash benefits (Note 3)	Total	Total
Board Chairman	$ -	$ -		$ -	$ -
Board members - 10	12,195			12,195	18,857
President	198,075	23,280	17,053	238,408	244,270
Vice President - Finance and Administration	147,126	52,080	18,810	218,016	192,151
Vice President - External Relations	133,212	20,880	18,730	172,822	-
Vice President - Academics	130,208	20,906	18,038	169,152	178,674
Dean, Academics	119,479	18,480	17,828	155,787	150,042
Dean, Trades	119,479	18,480	17,828	155,787	150,042

Notes:

1. Salary includes pensionable regular base pay and honoraria.

2. Other cash benefits include automobile allowances, living allowance, bonus and other allowances.

3. Employer share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental, vision, and group life insurance and accidental death dismemberment insurance.

Note 18 Changes in Non-Cash Working Capital

	2009	2008
Short-term investments	$ 1,042,000	$ 3,335,812
Accounts receivable	147,892	509,162
Inventories	(73,759)	(93,772)
Prepaid expenses	50,339	(245,176)
Accounts payable and accrued liabilities	(591,739)	(1,732,192)
Accrued vacation pay	230,399	449,349
Unearned revenue	414,331	(61,414)
Deferred contributions	3,451,940	5,088,857
	$ 4,671,403	$ 7,250,626

Note 19 Pension Costs

The pension expense recorded in these financial statements is equivalent to the College's annual contribution expense of $2,458,537 for the year ended June 30, 2009 (2008 - $2,029,774). At December 31, 2008, the Local Authorities Pension Plan reported a deficit of $4,413,971,000 (2007 – deficit of $1,183,334,000). On January 1, 2009, the employers' contribution rates were increased by 1.57%.

Note 20 Net Unrealized Gains (Losses) on Available-for-Sale Investments

	2009	2008
Net unrealized (loss) gain on available-for-sale investments at July 1, 2008	$ (152,147)	$ 772,427
Net unrealized loss on available-for-sale investments arising during the year	(995,086)	(929,259)
Net investment loss realized on available-for-sale investments during the year and reported in the statement of revenue and expense	22,075	4,685
Net unrealized loss on available-for-sale investments at June 30, 2009	$ (1,125,158)	$ (152,147)

	2009			2008
	Endowment net assets, recorded in deferred contributions (Note 8)	Unrestricted net assets	Total	Total
Balance, July 1, 2008	$ (25,434)	$ (126,713)	$ (152,147)	$ 772,427
Decrease during year	(236,721)	(736,290)	(973,011)	(924,574)
Balance, end of year	$ (262,155)	$ (863,003)	$ (1,125,158)	$ (152,147)

Note 21 Related Party Transactions

(a) Related Party Transactions – Keyano College Foundation ("the Foundation")

The Keyano College Foundation is a registered charitable organization, and receives donations from various sources for the advancement of Keyano College.

The Foundation financial statements (which are prepared using the Restricted Fund method of revenue recognition) are not consolidated in the College's financial statements. The financial summaries of the unconsolidated entity as at June 30, 2008 and 2009 are as follows:

Financial Position	2009	2008
Total assets	$ 3,760,299	$ 2,876,498
Total liabilities	$ 79,746	$ 39,756
Net assets	$ 3,680,553	$ 2,836,742

All of the Foundation's net assets must be provided to the College or used for the College's benefit. As at June 30, 2009, $3,134,169 (2008 - $2,347,703) of the Foundation's net assets are restricted for College programs.

Results of Operations	2009	2008
Revenue	$ 5,200,515	$ 4,103,764
Expenses	4,356,704	3,966,744
Excess of revenue over expenses	$ 843,811	$ 137,020

Total expenses include contributions of $2,830,464 (2008 – $2,737,678) to the College.

Cash Flows	2009	2008
Cash from operations and increase in cash	$ 177,202	$ 74,554

Note 21 Related Party Transactions (continued)

Total revenue includes contributions from the College of $536,902 (2008 - $510,253) toward salaries and other operating costs of the Foundation. In addition, the College provided certain administrative services and accommodations at no cost to the Foundation.

(b) The College is a provincial corporation as all the members of the Board of Governors are appointed either by the College Act or by a combination of orders by the Lieutenant Governor in Council and the Minister of Advanced Education and Technology.

(c) Transactions between the College and Province are included in the following balances as at June 30, 2009.

	Total
Operating grant	$31,918,538
Infrastructure grant	6,542,350
Access grant	2,005,841
Apprenticeship grant	3,264,555
Other grants	2,238,750
Total	$45,970,034

Infrastructure grants include capital, projects, repairs and maintenance.

Note 22 Contractual Obligations

The College has entered into a contract agreements for enterprise resource planning solutions and campus security with estimated minimum annual payments as follows:

2010	$1,141,468
2011	$ 1,175,740
2012	$ 594,570
2013	$ 340,183

Note 23 Comparative Figures

Certain comparative figures have been reclassified to conform with current year presentation.

Note 24 Approvals of Financial Statements

The Board of Governors approved these financial statements.

Lakeland College

Financial Statements

June 30, 2009

LAKELAND COLLEGE

FINANCIAL STATEMENTS

June 30, 2009

Auditor's Report

To the Board of Governors of Lakeland College

I have audited the statement of financial position of Lakeland College as at June 30, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Dunn FCA
Auditor General

Edmonton, Alberta
October 28, 2009

LAKELAND COLLEGE

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2009

	2009	2008 (Restated - Note 26)
ASSETS		
Cash and short-term investments (Note 4)	$ 27,957,462	$ 14,872,220
Accounts receivable & Prepaids	3,016,991	2,639,571
Inventories (Note 3)	1,072,191	951,956
	32,046,644	18,463,747
Non-current cash and cash equivalents (Note 4)	4,677,718	4,757,088
Investments (Note 5)	10,332,562	11,142,434
Patronage dividends receivable	8,483	12,817
Capital assets (Note 6)	65,766,338	64,691,334
	$ 112,831,745	$ 99,067,420
LIABILITIES AND NET ASSETS		
Accrued vacation pay	$ 2,366,858	$ 2,036,406
Accounts payable and accrued liabilities	6,136,988	4,198,343
Unearned revenue (Note 7)	2,277,376	2,030,537
Deferred contributions (Note 8)	14,957,120	1,677,760
Current portion of long-term liabilities (Note 12)	607,462	607,462
	26,345,804	10,550,508
Deferred capital contributions (Note 9)	6,400,030	8,476,424
Unamortized deferred capital contributions (Note 10)	48,286,209	47,368,820
Long-term liabilities (Note 12)	2,869,470	3,389,250
	83,901,513	69,785,002
Net assets:		
Unrestricted		
Accumulated excess of revenue over expenses	1,991,244	15,366,494
Accumulated net unrealized gain (loss) on investments (Note 11)	(723,626)	396,293
Internally restricted (Note 13)	11,397,486	120,545
Invested in capital assets	14,003,196	11,468,428
Endowments (Note 14)	2,261,933	1,930,658
	28,930,233	29,282,418
	$ 112,831,746	$ 99,067,420

The accompanying notes are part of these financial statements.

LAKELAND COLLEGE
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2009

	2009 Budget (Note 18)	2009 Actual	2008 Actual (Restated - Note 26)
Revenue:			
Grants (Note 15)	$ 31,366,845	$ 36,821,751	$ 32,449,903
Tuition and related fees	9,950,098	10,746,780	10,304,775
Sales, rentals and services (Note 16)	4,654,689	5,611,361	5,361,073
Amortization of deferred capital contributions (Note 10)	2,650,000	3,292,462	2,578,117
Contract revenue	1,875,114	2,205,562	2,676,791
Investment income (Note 17)	410,004	877,119	1,060,282
Donations	231,732	186,464	241,548
Other	1,162,049	2,196,005	1,917,655
	52,300,531	61,937,504	56,590,144
Expense (Note 16):			
Salaries and benefits (Note 19)	31,082,849	31,778,421	29,268,210
Supplies and services	14,212,285	21,350,974	15,551,065
Amortization of capital assets	4,968,804	5,496,614	4,731,510
Utilities	2,188,619	2,179,431	1,841,927
Severance payments	-	-	124,345
Interest expense	211,215	330,422	310,928
Scholarships and bursaries	436,762	355,405	366,505
Loss (Gain) on disposal of assets	-	9,778	48,826
	53,100,534	61,501,045	52,243,316
Excess (Defecit) of revenue over expenses	$ (800,003)	$ 436,459	$ 4,346,828

The accompanying notes are part of these financial statements.

LAKELAND COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

	2009	2008 (Restated)
Cash provided by:		
Operating activities		
Surplus of revenue over expenses	$ 436,459	$ 4,346,829
Non-cash transactions		
Amortization of capital assets	5,496,614	4,731,510
Amortization of deferred capital contributions (Note 10)	(3,292,462)	(2,578,117)
Loss (Gain) on disposal of capital assets	9,778	48,826
	2,650,389	6,549,048
Net change in non-cash working capital	15,301,975	(748,720)
Cash provided by operating activities	17,952,364	5,800,328
Investing activities		
Acquisition of capital assets		
Internally and debt funded	(2,424,659)	(4,426,807)
Externally funded	(4,209,851)	(6,806,455)
Net purchase and unrealized gains on investments	(310,047)	(2,503,252)
Proceeds from disposal of capital assets	53,114	62,389
Cash used in investing activities	(6,891,443)	(13,674,125)
Financing activities		
Endowment contributions	331,275	58,876
Proceeds from capital lease	-	2,038,984
Repayment of long-term debt	(519,781)	(442,273)
Capital contributions received (Note 9)	2,133,457	9,600,534
Cash provided by financing activities	1,944,951	11,256,121
Increase in cash and short term investments	13,005,872	3,382,324
Cash and cash equivalents at beginning of the year	19,629,308	16,246,984
Cash and cash equivalents at end of the year	$ 32,635,181	$ 19,629,308

The accompanying notes are part of these financial statements.

LAKELAND COLLEGE
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

	2009						2008
	Unrestricted	Internally Restricted (Note 13)	Accumulated Net Unrealized Gain (Loss) on Investments (Note 11)	Invested in Capital Assets	Endowments	Total	Total (Restated-Note 26)
Excess of revenue over expenses	$ 436,459	$ -	$ -	$ -	$ -	$ 436,459	$ 4,346,828
Endowment contributions					331,275	331,275	58,876
Transfers:							
Net unrealized losses on available for sale investments (Note 11)			(1,119,919)			(1,119,919)	(609,841)
Amortization of internally funded capital assets	2,204,152			(2,204,152)		-	-
Acquisition of internally funded capital assets	(2,424,659)			2,424,659		-	-
Repayment of Loans	(519,781)			519,781		-	-
From unrestricted	(15,850,855)	15,850,855					
Costs incured in residence repairs and maintenance	4,573,914	(4,573,914)					
Net book value of capital asset disposals	62,893			(62,893)		-	-
(Decrease) increase in net assets	(11,517,877)	11,276,941	(1,119,919)	677,395	331,275	(352,185)	3,795,863
Net assets beginning of year	13,509,121	120,545	396,293	13,325,801	1,930,658	29,282,418	25,486,554
Net assets at end of year	$ 1,991,244	$ 11,397,486	$ (723,626)	$ 14,003,196	$ 2,261,933	$ 28,930,233	$ 29,282,417

The accompanying notes are part of these financial statements.

Note 1 Authority and Purpose

Lakeland College (the "College") operates under the authority of the *Post Secondary Learning Act, Chapter P-19.5.*, Statutes of Alberta, 2003. The College, as an inter-provincial institution, provides educational services responsive to the needs of students in relation to the workplace, community and society. The College is exempt from the payment of income taxes under section 149 of the Income Tax Act and is a registered charity.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. In preparing the College's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Management believes its estimates to be appropriate, however, actual results could differ from these estimates.

(a) Revenue Recognition

Operating grants are recognized in the period when receivable. Operating grants received for a future period are deferred until that future period and are reported as deferred contributions.

Amounts received for tuition fees and contract programs and sales, rentals and services are recognized as revenue in the period the goods are delivered or the services are provided.

Capital grants and capital donations are recorded as deferred capital contributions until the amounts are invested in capital assets. Amounts invested representing funded capital assets are transferred to unamortized deferred capital contributions. Unamortized deferred capital contributions are recognized as revenue in the periods in which the related amortization expense for the funded capital assets is recorded.

The College recognizes dividend and interest revenue as earned, and investment gains and losses when realized. Realized gains and losses represent the difference between the amounts recognized through sales of investments and their respective cost base, as well as the amounts provided for as a write-down due to impairment. Unrealized gains and losses on available-for-sale securities attributed to endowment net assets are recorded in deferred contributions. Unrealized gains and losses on available-for-sale securities attributed to other net assets are recorded in the Statement of Changes in Net Assets, and are recognized in the Statement of Operations when realized.

Unrestricted cash donations are recognized as revenue when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

Externally restricted non-capital contributions are deferred and are recognized as revenue in the period in which the related expenses are incurred. Externally restricted amounts can only be used for purposes designated by the contributors. Any externally restricted contributions containing stipulations that the amounts should be permanently maintained, are recorded as a direct increase to net assets.

(b) Capital Assets

Purchased capital assets are recorded at cost. Donated assets are recorded at their fair value when donated. Capital assets are amortized on a straight-line basis over the following estimated average useful lives:

Buildings, leasehold and site improvements	3 - 40 years
Furniture, equipment and library	10 years
Vehicles, equipment, computers and telecommunication.	5 years

(c) Inventories

Livestock inventory is recorded at net realizable value. All other inventories are valued at the lower of cost and net realizable value.

(d) Financial Instruments

The fair values of the College's accounts receivable, accounts payable and accrued liabilities and accrued vacation pay are valued in accordance with the methods described below. Fair value of publicly traded securities are based on closing market prices.

The College has classified its significant financial assets and financial liabilities as follows:

- Cash and investments are classified as available-for-sale, and are measured at fair value with subsequent gains or losses included in net assets or deferred contributions until the asset is removed from the statement of Financial position. Details of this are outlined in Note 11.

- Accounts receivable classified as other loans and receivables. After initial fair value measurement, they are measured at amortized cost.

- Accounts payable, accrued liabilities and employee benefits liabilities are classified as other financial liabilities. After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

Financial instruments of the College are exposed to credit risk, interest rate risk, foreign exchange risk and market risks. The College's accounts receivable are due from a diverse group of customers and are subject to normal credit risk. The interest rate risk is the risk to the College's earnings that arises from the fluctuations in interest rates and the degree of volatility of these rates. The foreign exchange risk is the the risk of the rising costs related to purchase transactions in United States currency and the reduction of amounts collected for receivables which are due in United States currency. The market risk is the risk to the College's earnings that arises from the fluctuation and the degree of volatility in the market value of long-term investments. Each of these risks is limited through the College's collection procedures, investment guidelines and other internal policies, guidelines and procedures.

Fixed income and marketable equity securities are classified as available-for-sale (investments held for long-term capital appreciation and generation of income), and are measured at fair value at each reporting date. The College utilizes settlement-date accounting for all purchases and sales of financial assets in its investment portfolio. Fixed income securities are initially recognized at acquisition cost (purchase price plus transaction costs), which reflects any premium or discount at date of purchase, and carried at fair value. Marketable equity securities are also initially recognized at acquisition cost, and subsequently measured at fair value.

Financial assets classified as available-for-sale are measured at fair value with changes in fair values recognized in the Statement of Changes in Net Assets or deferred contributions as appropriate until realized, at which time the cumulative changes in fair value are recognized in the Statement of Operations.

The College does not use hedge accounting and accordingly, is not impacted by the requirement of Section 3865 Hedges. As permitted for Not-for-Profit Organizations, Lakeland has elected not to apply the standards for permitted for Not-for-Profit Organizations, Lakeland has elected not to apply the standards for embedded non-financial contracts and has elected to continue using section 3861: Disclosure and Presentation.

(e) Employee Future Benefits

The College participates in the Province of Alberta's Local Authorities and the Management Employees Pension Plans. These pension plans are multi-employer defined benefit plans that provide pensions for the College's participating employees, based on years of service and earnings.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the Local Authority and the Management Employees Pension Plans. The College's portion of the pension plans' deficit or surplus is not recorded by the College.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(f) Pledges Receivable

Pledges receivable are not recorded as assets in these financial statements.

(g) Capital Disclosures

Effective July 1, 2008, the College adopted CICA 1535: Capital Disclosures. The new standard requires an entity to disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital. The new note disclosure is as follows:

The College defines its capital as the amounts included in deferred capital contributions (Note 9) and unrestricted net assets. A significant portion of the College's capital is externally restricted. The College's unrestricted capital is funded primarily by Alberta Advanced Education and Technology. The College has investment policies (Note 5), spending policies and cash management procedures to ensure the College can meet its capital obligations.

Under the Post-Secondary Learning Act, the College must receive ministerial approval for a deficit budget, borrowing and for the sale of land and buildings.

Note 3 Inventories

Inventories consist of:

	2009	2008
Livestock	$ 379,415	$ 339,125
Bookstore	398,068	323,948
Firefighting agents	85,422	125,725
Fuels	60,805	78,294
Farm	146,064	81,632
Quip shop	2,417	3,232
	$ 1,072,191	$ 951,956

Note 4 Cash and Cash Equivalents

	2009 Cost	2009 Unrealized Gain (Loss)	2009 Market	2008 Cost	2008 Unrealized Gain (Loss)	2008 Market
Bank balance	$ 5,758,093	$ -	$ 5,758,093	$ 5,126,724	$ -	$ 5,126,724
Money market investments	24,239,369	-	24,239,369	11,905,496	-	11,905,496
Endowment investment fund	2,518,490	119,228	2,637,718	2,045,406	551,682	2,597,088
	32,515,952	119,228	32,635,180	19,077,626	551,682	19,629,308
Less non-current portion			(4,677,718)			(4,757,088)
			$ 27,957,462			$ 14,872,220

Non-current cash and investments are comprised of:

	2009	2008
Endowments	$ 2,637,718	$ 2,597,088
Long Term Debt	2,040,000	2,160,000
	$ 4,677,718	$ 4,757,088

Included in cash and cash equivalents, the college is holding $6 million for capital projects and $3 million in apprenticeship access funds.

Note 5 Investments

	2009 Cost	2009 Unrealized Gain (Loss)	2009 Market	2008 Cost	2008 Unrealized Gain (Loss)	2008 Market
Bonds	5,489,187	97,081	5,586,268	5,405,625	(69,141)	5,336,484
Mutual Funds	5,963,293	(1,216,999)	4,746,294	5,340,516	465,434	5,805,950
	$ 11,452,481	(1,119,919)	$ 10,332,562	$ 10,746,141	$ 396,293	$ 11,142,434

The College's investment strategy is to meet expenditure requirements within one year, investing such funds in liquid investments. The balance of funds are invested for a longer term with a mix of maturities between 1-10 years. Pooled Bond Funds have an average effective yield of 3.67% (in 2008, 4.68%) and weighted average term to maturity of more than one year.

Note 6 Capital Assets

Capital assets consist of:

	2009			2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 1,612,439	$ -	$ 1,612,439	$ 1,612,439
Buildings	90,766,937	(46,519,962)	44,246,975	45,035,522
Site improvements	18,262,918	(11,047,396)	7,215,522	7,674,691
Furniture & equipment	15,577,026	(8,988,541)	6,588,485	4,750,836
Computers, software & telecommunications equipment	13,777,376	(9,135,112)	4,642,264	4,400,262
Vehicles	2,485,796	(1,911,858)	573,938	636,104
Leasehold improvements	-	-	-	-
Milk quotas	546,951	-	546,951	267,641
Library	3,537,831	(3,198,067)	339,764	313,839
	$ 146,567,274	$ (80,800,936)	$ 65,766,338	$ 64,691,334

The Province of Alberta has been granted an option to purchase for $1 the whole or any part of the land, buildings and site improvements that it transferred to the College in 1982.

Computers and telecommunications equipment include $645,813 (2008 - $117,614) to the wireless / network separation project, the common application system project and the accounts receivable PeopleSoft project. Amortization of these items is deferred until the completion of the projects.

Note 7 Unearned Revenue

Unearned revenue consists of:

	2009	2008
Tuition and residence fees	$ 1,619,298	$ 1,480,565
Contract advances	319,378	193,847
Extension and community education course fees	52,812	58,897
Projects & programs	285,888	297,228
	$ 2,277,376	$ 2,030,537

Note 8 Deferred Contributions

Changes in deferred contributions are as follows:

	2009	2008
Restricted donations & contributions received during the year		
Conditional grants	$ 20,990,173	$ 2,412,290
Donations in kind	9,265	57,621
Restricted Donations	34,218	63,985
Scholarships & bursaries	348,229	325,605
Interest on grants (Note 17)	338,425	-
Interest on endowments (Note 17)	147,759	120,066
	21,868,069	2,979,567
Transferred to revenue:		
Conditional grants (Note 15)	(7,440,752)	(5,326,139)
Interest earned on grants	(8,630)	-
Restricted donations	(27,314)	(3,350)
Donations in Kind	(9,265)	(16,360)
Scholarships and bursaries	(361,143)	(360,404)
	(7,847,104)	(5,706,253)
Transferred to endowments:		
Endowment scholarships	(309,151)	-
Increase (decrease) during the year relating to operating funding	13,711,814	(2,726,686)
Balance at beginning of the year relating to operating funding	1,126,078	3,852,764
Balance at end of the year relating to operating funding	14,837,892	1,126,078
Deferred contributions relating to unrealized gain on investments (Note 11)		
Unrealized gain on investments, beginning of year	551,682	644,700
Change in unrealized gain on investments relating to deferred contribution	(432,454)	(93,018)
Unrealized gain on investments, end of year	119,228	551,682
Total deferred contributions, balance at end of the year	$ 14,957,120	$ 1,677,760

Note 8 Deferred Contributions (continued)

The balance consists of funds restricted for:

Conditional programs	$ 14,334,768	$ 757,799
Scholarships and bursaries	444,303	330,710
College development	58,821	37,569
Unrealized gain on investments allocated to deferred contributions	119,228	551,682
	$ 14,957,120	$ 1,677,760

Note 9 Deferred Capital Contributions

Changes in deferred capital contributions are as follows:

	2009	2008
Contributions received during the year	$ 1,913,037	$ 9,227,829
Interest allocated to deferred capital contributions	220,420	372,705
Total contributions received in the year	2,133,457	9,600,534
Transferred to unamortized deferred capital contributions (Note 10)	(4,209,851)	(6,806,455)
Balance at beginning of the year	8,476,424	5,682,345
Balance at end of the year	$ 6,400,030	$ 8,476,424

Note 10 Unamortized Deferred Capital Contributions

	2009	2008
Transferred to revenue	$ (3,292,462)	$ (2,578,117)
Transferred from deferred capital contributions (Note 9)	4,209,851	6,806,455
	917,389	4,228,338
Balance at beginning of the year	47,368,820	43,140,482
Balance at end of the year	$ 48,286,209	$ 47,368,820

Note 11 Net Unrealized Gains on Available-for-Sale Investments

	2009	2008
Net unrealized losses on available-for-sale investments arising during the year	$ (1,629,934)	$ (695,762)
Net investment losses realized on available-for-sale investments during the year and reported in the statement of operations	77,561	(7,097)
Change in net unrealized gains on available-for-sale investments	(1,552,373)	(702,859)
Net unrealized gains on available-for-sale investments, beginning of year	$ 947,975	$ 1,650,834
Net unrealized gains on available-for-sale investments, end of year	$ (604,398)	$ 947,975

	2009			2008
	Endowment net assets, recorded in deferred contributions (Note 8)	Other Net Assets	Total	Total
Balance, beginning of the year (Notes 2(b) and 3(b))	$ 551,682	$ 396,293	$ 947,975	$ 1,650,834
Decrease during the year	(432,454)	(1,119,919)	(1,552,373)	(702,859)
Balance, end of the year	119,228	$ (723,626)	$ (604,398)	$ 947,975

Note 12 Long-Term Liabilities

	2009	2008
(a) Long Term Debt	$ 2,160,000	$ 2,280,000
(b) Capital Lease	1,316,932	1,716,712
Total Long Term Liabilities	$ 3,476,932	$ 3,996,712
Current Portion	(607,462)	(607,462)
Long Term Portion	$ 2,869,470	$ 3,389,250

(a) Long-term Debt:

	2009	2008
Alberta capital financing authority (ACFA)	$ 2,160,000	$ 2,280,000
Less: current portion	(120,000)	(120,000)
	$ 2,040,000	$ 2,160,000

Note 12 Long-Term Liabilities (continued)

The ACFA loan is a 25 year debenture secured by residences with value of $2,956,794 . The debenture incurs interest at 6.5% per annum.

	AFCA Loan
2009-10	$ 120,000
2010-11	120,000
2011-12	120,000
2012-13	120,000
20013-14 and subsequent	1,680,000
	$ 2,160,000

(b) Capital Lease:

	2009	2008
IBM capital lease	1,316,932	1,669,202
Less: current portion	(487,462)	(487,462)
Non-current capital lease obligation	829,470	1,181,740

The minimum annual payments under the capital lease obligation are as follows:

	IBM Lease
2009-10	487,462
2010-11	487,462
2011-12	487,462
Total minimum lease payments	$ 1,462,386
Less: amount representing interes	(145,454)
Capital lease obligation	$ 1,316,932

The IBM lease is for goods and services relating to the restructuring of the College network and enabling the wireless internet access system and is for a term of 5 years with an imputed interest rate of 4.75%. During the year, interest of $87,681 (2008 -$74,963) has been charged to the expense.

Note 13 Net Assets Internally Restricted by the Board

Net assets internally restricted by the Board represent amounts set aside by the College's Board of Governors to be used for the following designated purposes. These amounts are not available for other purposes without the approval of the Board.

	2009	2008
Major maintenance and equipment	$ 4,591,488	$ 68,230
Agriculture initiatives	4,000,000	-
New residence construction	2,700,000	-
Delivery initiatives	105,998	52,315
	$ 11,397,486	$ 120,545

Note 14 Endowments

External endowments consist of funds restricted for:

	2009	2008
College development	$ 420,089	$ 420,089
Scholarships and bursaries	1,841,844	1,510,569
	$ 2,261,933	$ 1,930,658

Funds are required to be maintained in perpetuity.

Note 15 Grants

Grant revenue consists of:	2009 Budget	2009 Actual	2008 Actual
Advanced Education			
General Operating	$ 27,726,485	$ 28,066,300	$ 25,939,714
Conditional (Note 8)	2,566,436	7,440,752	5,326,139
Other Government Grants	8,000	-	-
Province of Saskatchewan			
General Operating	1,065,924	1,314,699	1,184,050
	$ 31,366,845	$ 36,821,751	$ 32,449,903

Note 16 Sales, Rentals and Services

Revenue and direct expense for sales, rentals and services consists of:

	2009 Budget	2009 Actual	2008 Actual
Revenue:			
Residences	$ 2,446,660	$ 2,738,167	$ 2,646,975
Bookstores	920,041	1,203,473	1,124,981
Cafeterias	733,622	891,965	860,181
Conference Services	229,000	300,180	306,304
Printing	4,500	13,623	9,658
Swimming Pools	209,768	192,503	177,055
Other	111,098	271,450	235,919
	4,654,689	5,611,361	5,361,073
Direct Expenses:			
Residences	4,173,592	6,247,517	3,001,736
Bookstores	922,522	1,190,563	1,155,190
Cafeterias	791,319	893,274	893,758
Conference Services	262,580	324,157	277,818
Printing	2,388	50	916
Swimming Pools	313,132	279,625	254,804
Other	162,053	223,890	409,730
	6,627,586	9,159,076	5,993,952
Excess of Revenue over Direct Expenses	$ (1,972,897)	$ (3,547,715)	$ (632,879)

Note 17 Investment Revenue

	2009	2008
Investment income earned	$ 1,551,927	$ 1,560,150
Gain (loss) on sale of investments	31,796	(7,097)
Investment income before transfer	1,583,723	1,553,053
Less: amount transferred to deferred contributions relating to endowments (Note 8)	(147,759)	(120,066)
Less: amount transferred to deferred contributions relating to grants (Note 8)	(338,425)	-
Less: amount transferred to deferred capital contributions (Note 9)	(220,420)	(372,705)
Investment Income from Unrestricted Sources	$ 877,119	$ 1,060,282

Note 18 Operating Expense

Operating expense is summarized as follows:

	2009 Budget	2009 Actual	2008 Actual
Instruction	$ 21,183,463	$ 21,368,062	$ 21,250,076
Amortization of capital assets	4,968,804	5,496,614	4,665,531
Cost of sales, rental & services (Note 16)	6,627,586	9,159,076	5,993,952
Facility operations and maintenance	3,890,856	9,195,129	5,255,476
Academic support	4,344,985	4,248,660	3,886,839
Institutional support	6,389,465	5,919,794	5,575,780
Student services	3,668,313	4,059,642	3,681,693
Computing services	2,027,062	2,054,069	1,933,968
	$ 53,100,534	$ 61,501,046	$ 52,243,315

Instruction encompasses all formal education and instructional program elements. Academic support includes all activities that directly support the educational and instructional elements such as academic administration, library and audio-visual services. Institutional support includes all activities that provide institution-wide support to other programs such as the president's office, human resources and financial services. Student Services includes all activities and services for the student body.

Note 19 Salaries and Benefits

The following information is prepared in accordance with Treasury Board Directive No. 12/98 as amended in 2007 and only includes salary and benefit information for the Board and Executive Management:

	2009				2008
	Base Salary (1)	Other Cash Benefits (2)	Other Non-Cash Benefits (3)	Total	Total
Chairman of the Board	$ -	$ 18,234	$ 816	$ 19,050	$ 15,160
Other Board	-	36,716	540	37,256	32,455
	-	54,950	1,356	56,306	47,615
President	210,000	18,313	21,750	250,063	223,998
VP Academics	152,000		21,697	173,697	150,333
VP Student and College Services	150,000		21,699	171,699	150,182
Director, Human Resources	116,421		19,792	136,213	126,635
Director, Fund Development	96,012		17,293	113,305	101,382
	724,433	18,313	102,231	844,977	752,530
Salaries & Benefit Expense in year.	$ 724,433	$ 73,263	$ 103,587	$ 901,283	$ 800,145

(1) Base salary includes pensionable base pay.

(2) Other cash benefits includes honoraria.

(3) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out of country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plan, professional memberships and tuition.
Other non-cash benefits figure also includes the Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, and club memberships.

Note 20 Budget

The operating and capital budgets were approved by the Board of Governors on March 26, 2008. The operating budget does not include revenues and expenses for ad hoc programs negotiated subsequent to budget approval. The approved capital budget provided $2,653,842 (actual $2,482,428) for internally funded acquisitions of capital assets.

Note 21 Commitments

The College has the following commitments requiring future minimum annual payments for years ending June 30 as follows:

2009-10	$ 240,546
2010-11	132,152
2011-12	83,825
2012-13	83,825
2013-14	53,945
	$ 594,294

Note 22 Related Party Transactions

Province of Alberta

The College is a Provincial Corporation as all the members of the Board of Governors are appointed by a combination of orders by the Lieutenant Governor in Council and the Minister of Advanced Education. Grant revenue transactions between the College and the Province are disclosed in the College financial statements as follows:

	2009			
	Deferred Contributions	Deferred Capital Contributions	Grant Revenue	Total
Alberta Advanced Education				
Regular operating	$ -	$ -	$ 28,066,300	$ 28,066,300
Enrollment planning	3,483,931	133,126	3,290,985	6,908,042
Conditional	676,886	933,013	406,544	2,016,443
Alberta Infrastructure				
Infrastructure maintenance	16,656,000	-	3,743,223	20,399,223
Total	$ 20,816,817	$ 1,066,139	$ 35,507,052	$ 57,390,008

Note 22 Related Party Transactions (continued)

	2008			
	Deferred Contributions	Deferred Capital Contributions	Grant Revenue	Total
Alberta Advanced Education				
Regular operating	$ -	$ -	$ 25,939,714	$ 25,939,714
Enrollment planning	383,698	23,126	3,530,576	3,937,400
Conditional	271,022	1,801,615	237,363	2,310,000
Alberta Infrastructure				
Infrastructure maintenance	19,345	5,355,105	1,558,200	6,932,649
Total	$ 674,065	$ 7,179,846	$ 31,265,853	$ 39,119,764

The College has accounts payable to the Province of Alberta of $50,600 (2008 - $0) and long-term debt obligations with Alberta Capital Finance Authority as disclosed in Note 12.

The College provided courses to other provincial colleges and participated in the development, sale and offering of certain courses with other public colleges. The revenues and expenses incurred for these have been included in the statement of operations but have not been separately quantified. These transactions were entered into on the same business terms as with non-related parties and are recorded at fair market value.

Note 23 Pension Liability and Expense

In the year ending June 30, 2009, the College participated the Local Authorities Pension Plan (LAPP) in the amount of $1,858,396 (2008-$1,611,372). As at December 31, 2008, the LAPP reported a deficiency of $4,413,971,000 (2007 - $1,183,334,000). The January 1, 2009 employers' contribution rate was increased by 1.57%. Pension expenses are recorded in the Salaries and Benefits section of the Statement of Operations.

Note 24 Contingent Liabilities

There is one unresolved claim against the College. While the outcome of this claim cannot be predicted at this time, it is the opinion of management that the resolution of this claim will not have a material effect on the financial statements of the College and it has not been reflected in these statements. Additional costs of settling this claim, if any, will be charged to operations upon settlement, which in Management's opinion will not have a material effect on the financial position of the College.

Note 25 Comparative Figures

The 2008 figures have been reclassified where necessary to conform to 2009 presentation.

Note 26 Prior Period Adjustment

The 2008 figures have been adjusted for an understatement of the capital lease liability. The following adjustment was made to properly reflect the capital lease liability and amortization.

	2008 Balance as previously stated	Change	2008 Balance as restated
Computers, software & tele-communications equipment	1,643,852	49,352	1,693,204
Accounts Payable	-	76,330	76,330
Capital Lease Liability	1,669,201	47,511	1,716,712
Amortization Expense	279,802	65,978	345,780
Interest Expense	66,453	8,510	74,963

Note 27 Approval of Financial Statements

These financial statements were approved by the Board of Governors.

Lethbridge College

Consolidated Financial Statements

June 30, 2009

LETHBRIDGE COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2009

Auditor's Report

To the Board of Governors of Lethbridge College

I have audited the consolidated statement of financial position of Lethbridge College as at June 30, 2009 and the consolidated statements of revenue and expense, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
October 27, 2009

LETHBRIDGE COLLEGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2009

	2009	2008
ASSETS		
Current:		
Cash and cash equivalents (Note 3)	$ 9,731,671	$ 5,561,059
Accounts receivable (Note 4)	2,440,320	2,607,525
Inventories (Note 5)	632,428	617,739
Prepaid expenses	1,123,993	532,834
	13,928,412	9,319,157
Non-current cash and investments (Note 3)	30,731,931	30,594,446
Capital assets (Note 6)	58,927,016	58,995,549
	$ 103,587,359	$ 98,909,152
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 3,693,970	$ 3,744,299
Accrued vacation pay	1,066,551	955,037
Unearned revenue (Note 7)	2,050,078	1,587,397
Deferred contributions (Note 8)	2,499,431	3,958,857
Current portion of debenture payable (Note 11)	192,389	188,873
	9,502,419	10,434,463
External capital contributions (Note 9)	11,709,928	8,463,808
Debenture and capital lease payable (Note 11)	5,254,571	5,446,960
Unamortized external capital contributions (Note 12)	43,395,332	43,413,384
	60,359,831	57,324,152
	69,862,250	67,758,615
Net assets:		
Operating:		
Unrestricted		
Accumulated excess of revenue over expense	8,805,077	12,240,268
Accumulated net unrealized (loss) on investments (Note 13)	(1,399,130)	(796,921)
Internally restricted (Note 14)	9,430,976	3,713,254
	16,836,923	15,156,601
Investment in capital assets	10,084,724	9,946,332
Endowments (Note 15)	6,803,462	6,047,604
	33,725,109	31,150,537
	$ 103,587,359	$ 98,909,152

Commitments and contingencies (Note 23)

The accompanying notes are part of these consolidated financial statements.

LETHBRIDGE COLLEGE
CONSOLIDATED STATEMENT OF REVENUE AND EXPENSE
FOR THE YEAR ENDED JUNE 30, 2009

	2009		2008
	Budget (Note 24)	Actual	Actual
Revenue:			
Grants (Note 16)	$ 42,708,772	$ 43,170,568	$ 40,303,279
Tuition and related fees	16,519,909	15,648,612	15,036,458
Sales, rentals and services (Note 17)	7,546,406	8,408,541	8,213,419
Contract programs	2,024,065	2,735,936	2,655,880
Investment income (Note 18)	1,245,527	877,691	1,412,480
Donations	231,400	307,731	254,835
Amortization of external capital contributions (Note 12)	3,172,707	3,169,684	2,827,209
	73,448,786	74,318,763	70,703,560
Expense (Note 19):			
Salaries and benefits (Note 20)	46,936,960	46,582,496	42,139,094
Supplies and services	14,590,527	13,663,598	12,645,767
Cost of sales, rentals and services (Note 17)	3,058,172	3,340,884	3,368,939
Utilities	1,717,950	1,556,742	1,341,007
Scholarships and bursaries	261,650	314,257	244,614
Debenture interest	340,879	341,697	352,154
Amortization of capital assets	6,005,448	6,217,173	5,506,441
	72,911,586	72,016,847	65,598,016
Excess of revenue over expense	$ 537,200	$ 2,301,916	$ 5,105,544

The accompanying notes are part of these consolidated financial statements.

LETHBRIDGE COLLEGE
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

	2009						2008
	Unrestricted	Cumulative net unrealized gain (loss) on investments (Note 13)	Internally Restricted (Note 14)	Investment in Capital Assets	Restricted for Endowment Purposes (Note 15)	Total	Total
Balance at beginning of year	$ 12,240,268	$ (796,921)	$ 3,713,254	$ 9,946,332	$ 6,047,604	$ 31,150,537	$ 26,788,846
Excess of revenue over expense	2,301,916	-	-	-	-	2,301,916	5,105,544
Transfer to net assets internally restricted	(5,717,722)	-	5,717,722	-	-	-	-
Contributed assets	-	-	-	171,165		171,165	-
Capital assets acquired from internal funds	(2,830,459)	-	-	2,830,459	-	-	-
Amortization of internally funded capital assets	3,052,104	-	-	(3,052,104)	-	-	-
Repayment of debenture related to capital assets	(179,872)	-	-	179,872	-	-	-
Payments on capital lease	(9,000)			9,000			
Transfer to endowments	(52,158)	-		-	52,158	-	-
Endowment contributions received	-	-	-	-	-	-	57,423
Increase in Endowments externally funded	-	-	-	-	703,700	703,700	-
Net unrealized loss on available-for-sale investments arising during the year	-	(831,092)	-	-	-	(831,092)	(801,276)
Transfer of net realized loss on investments to revenue [Note 2 (b)]	-	228,883	-	-	-	228,883	-
Balance at end of year	$ 8,805,077	$ (1,399,130)	$ 9,430,976	$ 10,084,724	$ 6,803,462	$ 33,725,109	$ 31,150,537

The accompanying notes are part of these consolidated financial statements.

LETHBRIDGE COLLEGE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

	2009 Budget (Note 24)	2009 Actual	2008 Actual
Cash flows generated from operating activities:			
Excess of revenue over expense	$ 537,200	$ 2,301,916	$ 5,105,544
Amortization of capital assets	6,005,448	6,217,173	5,506,441
Amortization of external capital contributions	(3,172,707)	(3,169,684)	(2,827,209)
	3,369,941	5,349,405	7,784,776
Changes in non-cash working capital:			
Accounts receivable	-	156,854	38,374
Accrued investment income	-	10,351	73,116
Inventories	-	(14,689)	(142,818)
Prepaid expenses	-	(591,159)	(198,718)
Accounts payable and accrued liabilities	-	(50,329)	(1,789,697)
Accrued vacation pay	-	111,514	85,611
Unearned revenue	-	462,681	(520,214)
Deferred contributions	-	(1,258,792)	1,941,664
Increase in unrealized loss on available-for-sale investments - deferred contributions	-	(200,634)	(309,330)
	-	(1,374,203)	(822,012)
	3,369,941	3,975,202	6,962,764
Cash flows used by investing activities:			
Acquisition of capital assets:			
From internal funds	(2,000,000)	(2,830,459)	(1,552,391)
From external funds	(2,700,000)	(3,151,632)	(5,578,010)
Proceeds from disposal of capital assets	-	4,615	-
Increase in unrealized loss on available-for-sale investments - other net assets	-	(602,209)	(796,921)
Increase in non-current cash and investments	-	(137,484)	(11,192,111)
	(4,700,000)	(6,717,169)	(19,119,433)
Cash flows generated from financing activities:			
Capital contributions received	50,000	6,776,156	11,387,443
Transfer to deferred contributions	-	(207,239)	(237,677)
Capital assets transferred	-	(171,165)	(86,297)
Debenture principal repayment	(179,872)	(182,873)	(169,491)
Obligations on capital lease, net of repayments	-	(6,000)	10,500
Endowment contributions received	250,000	703,700	57,423
	120,128	6,912,579	10,961,901
Increase (Decrease) in current cash and cash equivalents	(1,209,931)	4,170,612	(1,194,768)
Current cash and cash equivalents, beginning of year	4,689,355	5,561,059	6,755,827
Current cash and cash equivalents, end of year	$ 3,479,424	$ 9,731,671	$ 5,561,059

The accompanying notes are part of these consolidated financial statements.

LETHBRIDGE COLLEGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2009

Note 1 Authority and Purpose

Lethbridge College was established as a board governed institution on April 17, 1957. The College operates under the authority of the Post Secondary Learning Act, Chapter P19.5, Statutes of Alberta 2003. The College provides educational programs to serve the career education and training needs of students and employers and to respond to personal and community development needs through an extensive offering of general interest courses and public service outreach activities. The College is a registered charity and is exempt from payment of income tax.

The Lieutenant Governor in Council of the Province of Alberta approved an Order in Council changing the name of Lethbridge Community College to Lethbridge College, effective February 14, 2007.

Note 2 Significant Accounting Policies and Reporting Practices

(a) Consolidated Statements

These consolidated financial statements include the accounts of Lethbridge College Foundation ("the Foundation"), which operates under the Companies Act of Alberta. The Foundation is a registered charity and is exempt from payment of income tax. Certain administrative services are provided by the College without charge to the Foundation.

The accounts of the two organizations have been consolidated to reflect the financial position and results of operations as though they were a single economic entity, since the Foundation solicits, receives and administers donations for the advancement of the College. Inter-entity balances and transactions have been eliminated on consolidation.

(b) Financial Instruments

The College has classified its financial assets and financial liabilities as follows:

Financial Assets and Liabilities	Classification
Cash and cash equivalents	Held for trading
Investments	Available for sale
Accounts receivable	Loans and receivables
Accounts payable	Other financial liabilities
Long-term debt	Other financial liabilities

Note 2 Significant Accounting Policies and Reporting Practices (continued)

Initial measurement of financial instruments is at fair value and subsequent measurement and recognition changes in value depend upon the classification. Financial assets "held for trading" are recorded at fair value with changes in fair value recorded through the excess of revenue over expenses in each period. Financial assets classified as "available for sale" are measured at fair value with changes in fair values recognized in the Statement of Changes in Net Assets or deferred contributions until realized, at which time the cumulative changes in fair value are recognized in the Statement of Operations. "Loans and receivables", and financial liabilities classified as "other financial liabilities" are measured at amortized cost using the effective interest method.

The College does not use hedge accounting and accordingly, is not impacted by the requirements of Section 3865 Hedges. The College as a Not-for-Profit Organization has elected not to apply the standards for embedded derivatives in non-financial contracts.

When it is determined that an impairment of a financial instrument classified as available for sale is other than temporary, the cumulative loss that had been recognized directly in the net assets or deferred contributions is removed and recognized in the Statement of Operations even though the financial asset has not been derecognized. Impairment losses recognized in the Statement of Operations for a financial instrument classified as available for sale are not reversed.

The College has also opted to apply the CICA Handbook Section 3861 Financial Instruments - Disclosures and Presentation in place of CICA Handbook Section 3862 Financial Instruments – Disclosures and 3863 Financial Instruments – Presentation as allowed under generally accepted accounting principles.

Transaction costs associated with the acquisition and disposal of investments are expensed when incurred. The purchase and sale of investments are accounted for using the trade date.

(c) Revenue Recognition

Operating contributions, including grants from the Province of Alberta, are recognized as revenue in the period when they become receivable. Operating contributions received for a future period are reported as deferred contributions and recognized as revenue in the subsequent period.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

Capital contributions, including capital grants from the Province of Alberta, are recorded as external capital contributions until the amount is invested in capital assets. Amounts invested representing funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded. The related portion of amortization expense and the external capital contributions revenue are matched to indicate that the related amortization expense has been funded. Capital contributions invested in capital assets that will not be amortized are recognized as direct increases in net assets.

Externally restricted non-capital contributions and externally restricted investment income earned on non-capital contributions are deferred and are recognized as revenue in the period in which the related expenses are incurred. Externally restricted amounts can only be used for purposes designated by external parties. If the contributors stipulate that the amounts cannot be expended, as is the case with endowments, the contributions are recorded as direct increases in net assets.

Donations, which are not externally restricted, are recognized as revenue when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

Pledges are recorded in the year the donation is received.

Amounts received for tuition fees and sale of goods and services are classified as unearned and recognized as revenue at the time the goods are delivered or the services are provided.

The College recognizes dividend and investment income as earned, and investment gains and losses when realized. Realized gains and losses represent the difference between the amounts recognized through sale of investments and their respective cost base. Unrealized gains (losses) on available-for-sale securities are recorded in non-current cash and investments and deferred contributions on the Consolidated Statement of Financial Position and the Consolidated Statement of Changes in Net Assets until recognized in the Consolidated Statement of Revenue and Expense, when realized.

(d) Net Assets Internally Restricted

Net assets internally restricted represent amounts set aside by the College Board of Governors to be used for designated purposes.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(e) Capital

Effective July 1, 2008, Lethbridge College adopted CICA 1535: Capital Disclosures. The new standard requires an entity to disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital. The new disclosure is as follows:

Lethbridge College defines its capital as the amounts included in deferred contributions and capital contributions, endowment net assets, internally restricted and unrestricted net assets. A significant portion of the College's capital is externally restricted and the College's unrestricted capital is funded primarily by Alberta Advance Education and Technology. Lethbridge College has investment policies, spending policies and cash management procedures to ensure the College can meet its capital obligations.

(f) Inventories

In June 2007, the Canadian Institute of Chartered Accountants (the "CICA") issued a new accounting standard, Section 3031 Inventories which provides guidance on the recognition, measurement and disclosure of inventories. The standard provides specific direction for not-for-profit organizations to record inventories held for consumption or distribution at no charge at the lower of cost or current replacement cost.

The College adopted this new standard as of July 1, 2008, but did not adjust opening balances or restate prior periods because the adoption did not have a material impact.

Inventories held for resale are valued at the lower of cost and net realizable value. Inventories held for consumption are valued at the lower of cost (defined as moving average) and current replacement cost. Cost is determined using the weighted average method for the Bookstore and the first in, first out method for all other inventories.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(g) Capital Assets

Capital assets and work in progress are recorded at cost. Donated assets are recorded at fair value at the time of the donation.

Capital assets except for land, construction in progress and art are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings and site improvements	40 years
Furnishings and equipment	10 years
Library	10 years
Motor vehicles	5 years
Computer equipment and systems software	5 years
Audio and visual equipment	2 years

The permanent art collection is recorded at the appraised value at the time of donation. The permanent art collection is not amortized. The collection is made up of numerous pieces of art that are held for display at the College.

Capital projects in progress are not amortized until the project is complete.

(h) Employee Future Benefits

The College participates in the Local Authorities Pension Plan. This pension plan is a multi-employer defined benefit pension plan that provides pensions for the College's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied where information is sufficient to apply defined benefit plan accounting. Pension costs comprise the employer's contributions during the year, based on rates expected to provide benefits payable under the pension plan. The College does not record it's portion of the plan's surplus or deficit.

(i) Use of Estimates

The preparation of the consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(j) Asset Retirement Obligations

Lethbridge College is subject to regulations requiring the repair, removal and disposal of asbestos. The obligation under these regulations meets the definition of a conditional asset retirement obligation.

Note 3 Cash and Investments

The Board of Governors has approved an investment strategy with primary investment objectives being the preservation of capital and the generation of a competitive total return. The investment policy provides guidelines on the asset mix, diversification, quality and nature of securities, and the term of the fixed income securities. The guidelines are as follows:

(a) Asset Class

Cash equivalents	from 0% to 60% of total portfolio
Fixed income securities	from 40% to 80% of total portfolio
Equities	from 0% to 50% of total portfolio

To measure investment performance and identify the return attributed to the asset mix and asset selection decisions, the College has established a portfolio benchmark of 5% cash equivalents, 60% fixed income securities and 35% equities. Further, it measures cash equivalent returns against the return from the historical treasury bill rate over a rolling four year period, fixed income returns against the return for the Scotia McLeod Universe Index, and equity returns against the return for the TSX 300 Index and the Morgan Stanley Capital International, Europe, Australia and Far East Index.

(b) Diversification

No more than 10% of the total portfolio will be invested in any one money market issuer other than investments in issuers with a minimum BBB rating as defined by a recognized bond rating service or those guaranteed by the Government of Canada or the Province of Alberta. With these conditions, the maximum investment may be extended to 20% of the total portfolio. No more than 10% of the portfolio will be invested in any one government bond issue other than the Government of Canada or the Province of Alberta. A 30% maximum is placed on any single industry investment and a 4% maximum on any single issuer in the private sector.

(c) Quality and Nature of Securities

All money market securities will be rated "R-1" or equivalent by the Canadian Bond Rating or the Dominion Bond Rating Services. All corporate and government bonds will carry a rating of a minimum equivalent BBB rating by a recognized bond rating service.

	2009			2008	
	Carrying Value	Temporary Gain/(Loss)	Fair Value[i]	Carrying Value	Fair Value[i]
Cash and temporary investments:					
Cash	$ 10,116,364		$ 10,116,364	$ 5,895,190	$ 5,895,190
Short term investments	6,177,592	(16,902)	6,160,690	6,497,299	6,494,424
	16,293,956	(16,902)	16,277,054	12,392,489	12,389,614
Fixed income:[ii]					
Federal guaranteed bonds	5,125,190	166,333	5,291,523	5,964,091	5,994,094
Provincial guaranteed bonds	2,373,986	34,066	2,408,052	582,276	591,748
Corporate bonds	3,864,009	(54,141)	3,809,868	5,517,214	5,292,801
	11,363,185	146,258	11,509,443	12,063,581	11,878,643
Equities:					
Canadian	8,070,627	(1,001,935)	7,068,692	6,956,912	6,769,145
Foreign	6,644,927	(1,036,514)	5,608,413	5,848,774	5,118,103
	14,715,554	(2,038,449)	12,677,105	12,805,686	11,887,248
	42,372,695	(1,909,093)	40,463,602	37,261,756	36,155,505
Less amounts not available for current purposes	32,641,024	(1,909,093)	30,731,931	31,700,697	30,594,446
Cash and cash equivalents	$ 9,731,671	$ -	$ 9,731,671	$ 5,561,059	$ 5,561,059

(i) At June 30, 2009 management determined that an impairment of investments classified as available for sale were temporary declines in value not permanent in nature.

(ii) The terms of the bond portfolio range from 1 year to 9 years with an average term to maturity of 5 years (2008 - 5 years). The average effective yield on the bond portfolio is 5.09% (2008 – 5.31%).

Note 4 Accounts Receivable

	2009	2008
Contract programs	$ 1,159,276	$ 1,056,470
Province of Alberta:		
Alberta Advanced Education	118,602	110,098
Alberta Infrastructure and Transportation	5,400	1,058
Other Alberta Government departments	65,427	113,859
Government of Canada - Goods and Services Tax	148,554	96,585
Tuition fees	815,242	734,665
Accrued investment income	67,138	77,489
Other	60,681	417,301
	$ 2,440,320	$ 2,607,525

Note 5 Inventories

	2009	2008
Bookstore	$ 448,011	$ 518,534
Cafeteria	70,412	69,485
Distance Education Centre	2,836	9,167
Other	111,169	20,553
	$ 632,428	$ 617,739

Note 6 Capital Assets

	2009 Net Book Value	2008 Net Book Value
Land	$ 475,994	$ 475,994
Building and site improvements	49,317,275	47,786,506
Furnishings and equipment	5,164,660	4,447,363
Library	296,466	290,780
Motor vehicles	179,345	166,173
Computer equipment and systems software	921,230	2,376,345
Audio and visual equipment	98,759	107,582
Permanent art collection	501,734	439,634
Capital projects in progress [i]	1,971,553	2,905,172
	$ 58,927,016	$ 58,995,549

	Cost				
	Balance July 1,2008	Transfers	Additions	Disposals	Balance June 30, 2009
Land	$ 475,994	$ -	$ -	$ -	$ 475,994
Building and site improvements	99,733,404	2,616,823	1,491,725	-	103,841,952
Furnishings and equipment	13,272,326	130,761	1,436,874	40,187	14,799,774
Library	1,287,115	-	62,231	36,184	1,313,162
Motor vehicles	1,095,080	-	94,931	-	1,190,011
Computer equipment and systems software	13,072,415	132,836	847,703	-	14,052,954
Audio and visual equipment	903,330	-	210,891	-	1,114,221
Permanent art collection	439,634	-	62,100	-	501,734
Capital projects in progress [i]	2,905,172	(2,880,420)	1,946,801	-	1,971,553
	$ 133,184,470	$ -	$ 6,153,256	$ 76,371	$ 139,261,355

	Accumulated Amortization			
	Balance July 1,2008	Current year amortization	Amortization on Disposals	Balance June 30, 2009
Building and site improvements	$ 51,946,898	$ 2,577,781	$ -	$ 54,524,679
Furnishings and equipment	8,824,963	845,721	36,946	9,633,738
Library	996,335	56,543	34,809	1,018,069
Motor vehicles	928,907	81,759	-	1,010,666
Computer equipment and systems software	10,696,070	2,435,654	-	13,131,724
Audio and visual equipment	795,748	219,715	-	1,015,463
	$ 74,188,921	$ 6,217,173	$ 71,755	$ 80,334,339

Note 6 Capital Assets (continued)

(a) Capital projects in progress:

These projects are summarized as follows:

New student residence	$ 947,695
Wind turbine project	138,778
Buildings upgrades	414,178
Compute hardware	120,829
Reporting software projects	137,438
Other projects	212,635
	$ 1,971,553

(b) Capital Acquisitions

Capital acquisitions during the year included certain donations in kind at fair value of $81,350 (2008 - $143,143).

Note 7 Unearned Revenue

	2009	2008
Contract programs	$ 288,072	$ 254,712
Tuition fees	1,731,324	1,284,884
Other	30,682	47,801
	$ 2,050,078	$ 1,587,397

Note 8 Deferred Contributions

Deferred contributions represent unspent operating funds externally restricted.

	2009	2008
Contributions received		
Grants, Province of Alberta	$ 287,300	$ 2,144,809
Other contributions	808,831	991,301
Restricted endowment investment income	268,248	304,638
	1,364,379	3,440,748
Transferred to revenue:		
Grants, Province of Alberta	(1,894,522)	(675,200)
Other contributions	(570,564)	(397,861)
Restricted endowment investment income	(69,750)	(339,726)
	(2,534,836)	(1,412,787)
Transferred to deferred capital contributions (Note 9)	(88,336)	-
Transfers to unamortized external capital contributions (Note 12)	-	(86,297)
Increase (decrease) during the year	(1,258,793)	1,941,664
Deferred contributions relating to operating funding, beginning of year	3,958,857	2,326,523
Deferred contributions relating to operating funding, end of year	2,700,064	4,268,187
Deferred contributions, relating to unrealized gains and losses on investments		
Change in unrealized gain (loss) on investments relating to deferred contributions	(200,633)	(309,330)
Unrealized gain (loss) on investments, end of year	(200,633)	(309,330)
Deferred contributions, end of year	$ 2,499,431	$ 3,958,857

The Balance at end of year is restricted for the following purposes:

	2009	2008
Scholarships, awards and bursaries	$ 2,269,896	$ 1,884,508
Grants, Province of Alberta	614,741	2,297,265
Unrealized (loss) on investments allocated to deferred contributions	(509,963)	(309,330)
Investment income	49,687	52,544
Other	75,070	33,870
	$ 2,499,431	$ 3,958,857

Note 9 External Capital Contributions

External capital contributions represent unspent funds externally restricted for capital purposes.

	2009	2008
Contributions received:		
Grants, Province of Alberta	$ 6,606,470	$ 11,116,719
Other contributions	81,350	270,724
Transferred form deferred contributions (Note 8)	88,336	-
	6,776,156	11,387,443
Transferred from (to):		
Grants, Province of Alberta	(119,809)	(320,750)
Donations	(87,430)	(3,224)
Unamortized external capital contributions (Note 12)	(3,322,797)	(5,578,010)
	(3,530,036)	(5,901,984)
Increase (decrease) during the year	3,246,120	5,485,459
Deferred capital contributions, beginning of year	8,463,808	2,978,349
Deferred capital contributions, end of year	$ 11,709,928	$ 8,463,808

The balances at end of year represent funds held for the following purposes:

	2009	2008
Building	$ 10,734,665	$ 7,419,010
Equipment replacement	442,307	345,965
Enrollment planning envelope	532,956	698,833
	$ 11,709,928	$ 8,463,808

Note 10 Pension Costs

The College participates in the Local Authorities Pension Plan which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the College's annual contributions payable of $2,817,546 for the year ended June 30, 2009 (2008 - $2,499,164). At December 31, 2008, the Local Authorities Pension Plan reported a deficiency of $4,413,971,000 (2007 - deficiency of $1,183,334,000).

The College is required to make service contributions to the Local Authorities Pension Plan of 7.75% of pensionable earnings up to Canada Pension Plan Year's Maximum Pensionable Earnings $44,900 and 10.64% for the excess up to the salary cap of $130,137. The rate changed effective January 1, 2009 to 8.46% and 11.66% respectively. The Canada Pension Plan year's maximum pensionable earnings increased in January 2009 to $46,300 and the salary cap to $136,112. The employees' contributions were calculated at 1% lower than the Colleges' contribution rate.

Note 11 Debenture and Capital Lease Payable

The College Board received approval of the Lieutenant Governor in Council to borrow funds from the Alberta Capital Finance Authority (the "ACFA"), an authority controlled by the Province of Alberta, to finance the campus residence expansion project. A $6,625,000 debenture (the "debenture") dated February 23, 2001, was issued by the College in favor of ACFA. The debenture is secured by a security agreement dated February 23, 2001 between the College and ACFA pursuant to which the College granted, in favor of ACFA, a security interest in all present and after acquired intangible accounts, monies, book debts, instruments, claims or rights and insurance proceeds related to the residence.

The debenture, bearing interest at the rate of 6.125% per annum, is to be repaid in annual installments of $524,424, principal and interest. The debenture is due March 1, 2027.

	2009	2008
Debenture payable	$ 5,445,460	$ 5,625,333
Capital lease payable	1,500	10,500
	5,446,960	5,635,833
Less current portion	192,389	188,873
	$ 5,254,571	$ 5,446,960

Note 11 Debenture and Capital Lease Payable (continued)

The aggregate maturities of principal required over the next five years and to maturity are as follows:

	Debenture	Capital Lease	Total
2010	$ 190,889	$ 1,500	$ 192,389
2011	202,581	-	202,581
2012	214,989	-	214,989
2013	228,157	-	228,157
2014	242,131	-	242,131
Thereafter	4,366,713	-	4,366,713
Total payable	$ 5,445,460	$ 1,500	$ 5,446,960

Note 12 Unamortized External Capital Contributions

Unamortized external capital contributions represent the external funds invested in capital assets which will be recognized as revenue in future periods. Changes in the unamortized external capital contributions balance are as follows:

	2009	2008
Balance at beginning of year	$ 43,413,384	$ 40,576,286
Add amount transferred from external capital contributions	3,322,797	5,578,010
Add amount transferred from deferred contributions	-	86,297
Less amount transferred to investment in capital assets	(171,165)	-
Less amount amortized to revenue	(3,169,684)	(2,827,209)
Balance at end of year	$ 43,395,332	$ 43,413,384

Note 13 Net Unrealized Gain (Loss) on Available-for-Sale Investments

	2009			2008
	Endowment Net Assets, recorded in deferred contributions (Note 8)	Other Net Assets	Total	Total
Net unrealized gain (loss) on available-for-sale investments, beginning of year	$ (309,330)	$ (796,921)	$ (1,106,251)	$ (1,975.00)
Net unrealized gain (loss) on available-for-sale investments during the year	(200,633)	(831,092)	(1,031,725)	(1,104,276)
Transfer of net realized loss on investments to revenue [Note 2(b)]	-	228,883	228,883	-
	(200,633)	(602,209)	(802,842)	(1,104,276)
Net unrealized gain (loss) on available-for-sale investments, end of year	$ (509,963)	$ (1,399,130)	$ (1,909,093)	$ (1,106,251)

Note 14 Net Assets Internally Restricted

Net assets internally restricted are held for the following purposes:

	Balance at Beginning of Year	Transfers to and from Unrestricted Net Assets — Deduct Funds Expended	Transfers to and from Unrestricted Net Assets — Add Funds Appropriated	Balance at End of Year
Staff and program development	$ 1,405,056	$ 358,107	$ 377,097	$ 1,424,046
Foundation general reserve	(6,395)	917,630	924,715	690
College funded scholarships endowment earnings	154,459	7,688	12,291	159,062
Other endowment earnings	101,568	96,042	101,801	107,327
Kodiak Team fund	46,492	143,014	111,161	14,639
Student residence	-	-	5,214,000	5,214,000
Student emergency loans	-	734	2,120	1,386
	1,701,180	1,523,215	6,743,185	6,921,150
Capital replacement	2,012,074	635,674	1,133,426	2,509,826
	$ 3,713,254	$ 2,158,889	$ 7,876,611	$ 9,430,976

The net transfer from Unrestricted Net Assets for the year ended June 30, 2009 comprises:

Funds returned	$ 2,158,889
Funds appropriated	7,876,611
	$(5,717,722)

Note 15 Endowments

Endowments consist of restricted donations to the College and internal allocations by the Board of Governors, the principal of which is required to be maintained intact. The investment income generated from endowments must be used in accordance with the various purposes established by the donors or the Board of Governors. Endowments comprise the following:

	2009			2008
	Externally Funded	Internally Funded	Total	Total
Ronald Tiffin Agricultural Endowment Fund	$ 1,115,115	$ 404,892	$ 1,520,007	$ 1,484,426
Scholarships	4,540,121	72,681	4,612,802	3,911,994
Kodiak Athletics Fund	215,968	104,482	320,450	309,574
Talbot Education Fund	115,564	59,594	175,158	171,043
Industrial Technology Fund	62,500	41,604	104,104	101,621
Native Canadian Fund	28,200	25,171	53,371	52,157
Environmental Fund	9,104	8,466	17,570	16,789
	$ 6,086,572	$ 716,890	$ 6,803,462	$ 6,047,604

Note 16 Grants

Grant revenue consists of amounts received from the following sources:

	2009		2008
	Budget (Note 24)	Actual	Actual
Alberta Advanced Education	$ 40,159,975	$ 41,516,665	$ 38,153,023
Alberta Infrastructure and Transportation	832,600	129,225	325,840
Other Alberta Government departments	789,183	731,353	801,297
Government of Canada sources	739,251	660,597	766,576
Other sources	187,763	132,728	256,543
	$ 42,708,772	$ 43,170,568	$ 40,303,279

Note 17 Sales, Rentals and Services

Sales, rentals and services revenue and direct expense are summarized as follows:

	2009					2008
		Direct Expense				
	Revenue	Cost of Sales	Other	Total Direct Expense	Net	Net
Sales, rentals and non-ancillary services	$ 1,045,426	$ 454,977	$ -	$ 454,977	$ 590,449	$ 671,684
Ancillary services (Note 19):						
Bookstore	3,022,693	2,263,302	464,427	2,727,729	294,964	315,353
Cafeteria	1,137,941	607,636	598,031	1,205,667	(67,726)	(52,545)
Residence	2,042,990	-	1,757,749	1,757,749	285,241	(26,397)
Parking	501,228	3,894	155,494	159,388	341,840	323,641
Daycare centre	286,548	-	303,876	303,876	(17,328)	10,621
Physical Education building	215,108	11,075	415,156	426,231	(211,123)	(167,551)
Health services	147,432	-	213,793	213,793	(66,361)	(24,699)
Athletics - special events	9,175	-	20,329	20,329	(11,154)	(2,936)
	7,363,115	2,885,907	3,928,855	6,814,762	548,353	375,487
	$ 8,408,541	$ 3,340,884	$ 3,928,855	$ 7,269,739	$ 1,138,802	$ 1,047,171

Note 18 Investment Income

	2009	2008
Investment income	$ 1,181,178	$ 1,522,413
Transferred to deferred contributions	(49,687)	(52,544)
Transferred to capital contributions	(201,642)	-
Transferred to endowments	(52,158)	(57,389)
Total investment income recognized as revenue	$ 877,691	$ 1,412,480

Note 19 Expense by Function

Instruction encompasses all formal educational and instructional program elements. Academic support includes all activities that directly support the educational and instructional elements such as academic administration, library and audio-visual services. Student services include all scholarships, bursaries and activities or services to the student body of the College. Institutional support includes all activities that provide institution-wide support to other programs.

	2009		2008
	Budget (Note 24)	Actual	Actual
Instruction	$ 29,684,606	$ 30,202,802	$ 28,215,118
Academic support	6,790,031	6,732,748	5,564,622
Student services	4,873,423	5,180,711	4,290,029
Institutional support	13,870,212	12,102,237	10,828,575
Ancillary services (Note 17)	6,698,327	6,814,762	6,642,635
Computer services	5,373,318	5,137,279	4,899,379
Amortization of capital assets	6,005,448	6,217,173	5,506,441
	73,295,365	72,387,712	65,946,799
Less amortization of capital assets - Ancillary services	383,779	370,865	348,783
	$ 72,911,586	$ 72,016,847	$ 65,598,016

Note 20 Salaries and Benefits

	2009					2008	
	Number of Individuals[a]	Base Salary[b]	Other Cash Benefits [c]	Other Non-Cash Benefits [d]	Total	Number of Individuals[a]	Total
Chairman of the Board of Governors	1.0		$ 2,800	$ 48	$ 2,848	1.0	$ 4,844
Board members[e]	9.0		12,580	852	13,432	9.0	13,344
	10.0		15,380	900	16,280	10.0	18,188
President[f]	1.0	214,255	-	29,209	243,464	1.0	199,477
Vice President Corporate and International Services	1.0	169,618	22,834	21,123	213,575	1.0	161,360
Vice President Academic & Chief Learning Officer	1.0	164,677	15,924	7,361	187,962	1.0	174,774
Executive Director Advancement	1.0	149,856	-	21,123	170,979	1.0	157,482
Dean Health, Justice & Human Serv	1.0	122,875	-	19,682	142,557	1.0	138,495
Dean Teaching, Learning & Innovation	1.0	115,274	-	19,065	134,339	0.9	110,763
Dean Applied Management	0.9	103,808	-	20,093	123,901	0.6	85,990
Dean Applied Arts & Sciences	0.2	19,213	-	4,057	23,270	1.0	144,046
Vice President Enrolment Management	-	-	-	-	-	0.2	26,020
Directors/Managers (average: 2009 - $104,248 2008 - $94,358)	24.9	2,175,038	17,880	398,697	2,591,615	23.8	2,241,946
Other salaried staff: [g]							
Administration (average: 2009 - $92,006 2008 - $80,825)	32.0	2,489,540	9,773	443,059	2,942,372	33.8	2,731,894
Academic (average: 2009 - $92,742 2008 - $89,990)	210.1	16,469,560	84,978	2,931,431	19,485,969	200.4	17,955,623
Support (average: 2009 - $50,712 2008 - $46,124)	264.5	11,142,014	154,903	2,113,767	13,410,684	243.3	11,223,332
Non-salaried staff: [a][g]							
Academic		4,519,223	-	277,890	4,797,113		4,632,599
Support		1,888,315	11,822	198,279	2,098,416		2,137,105
	538.6	$ 39,743,266	$ 333,494	$ 6,505,736	$ 46,582,496	509.0	$ 42,139,094

Note 20 Salaries and Benefits (continued)

(a) Except for Board members, the number of individuals is expressed as full-time equivalents. The total actual discrete number of individual employees at June 30, 2009 was 1,539 (2008 – 1,479).

(b) Salary includes regular base pay, shift differential, sick-time payments and any other direct cash remuneration.

(c) Other cash benefits include bonuses, overtime, vacation payouts, lump sum payments and honoraria.

(d) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension plans, Employment Insurance, Workers' Compensation, health care, dental coverage, group life insurance, accidental disability and dismemberment, educational sabbaticals, vehicle allowances, professional memberships, club memberships and remission of tuition fees.

(e) Board members include one representative from each of the academic and support staff. This includes their stipends as Board members, while their salaries and benefits as full-time employees are included under other salaried staff.

(f) An executive compensation package includes an automobile provided to the President. The automobile is not included in the value of benefits disclosed on the schedule.

(g) Non-salaried staff comprises individuals who work less than 29 hours per week; benefits consist of contributions to Employment Insurance, Canada Pension Plan and Workers' Compensation. In addition, for continuing employees working more than 15 hours a week, benefits also include health care, dental coverage, group life insurance, accidental death and dismemberment and vacation payouts.

(h) Early retirement payments include all monies paid, directly or on behalf of an employee, upon termination. During the year, an additional amount of $12,330 was added due to salary adjustments for staff under the retirement plan who will be retiring in the subsequent two years. For the year ended June 30, 2009, 28 employees (2008 – 12 employees) retired and were paid $1,196,898 (2008 - $1,158,129). The balance of $366,595 will be paid to the remaining employees in the next fiscal year, and is included in accounts payable and accrued liabilities on the statement of financial position.

Note 21 Related Party Transactions

(a) The College is a Provincial Corporation as all members of the Board of Governors are appointed by a combination of orders by the Lieutenant Governor in Council and the Minister of Alberta Advanced Education and Technology. Transactions between the College and the Province are described in Notes 4, 8, 10, 15 and 21(d) to the financial statements.

(b) The College accounts for funds of certain associations and clubs related to College activities through Funds Held on Behalf of Others (Note 22). Certain administrative services are provided without charge to these entities.

Note 21 Related Party Transactions (continued)

(c) During the year, the College engaged the services of, and purchased goods from, organizations that are controlled or significantly influenced by members of its Board. Amounts of any such services were determined through fair and open competition in the normal course of operations. For the year ended June 30, 2009, the value of such goods and services was $1,640 (2008 - $2,143).

(d) During the year, the College engaged the services of, and purchased goods from, entities consolidated within the Government of Alberta. Amounts of any such services were determined through fair and open competition in the normal course of operations. For the year ended June 30, 2009, the value of such goods and services purchased was $539,815 (2008 - $538,460). The value of goods and services provided was $1,279,636 (2008 - $1,701,438).

(e) The College administers a program that permits advances to staff members for the specific purpose of acquiring and maintaining technological currency in computer hardware and software developments. Such advances are repaid over a maximum period of two years at the prescribed interest rate. The balance of advances outstanding as at June 30, 2009 was $815 (2008- $11,281).

Note 22 Funds Held on Behalf of Others

Lethbridge College provides administrative services and administers funds on behalf of other organizations. These amounts are held in trust but are not included in the College's statement of financial position and are summarized as follows:

	2009	2008
Lethbridge College Students Association, clubs and activities	$ 1,392,997	$ 1,167,678
Chinook Educational Consortium	893,134	706,114
Associated agencies	25,383	15,267
Other agencies	62,081	80,500
Agricultural and research projects	21,579	18,664
	$ 2,395,174	$ 1,988,223

Note 23 Commitments and Contingencies

(a) The College leases facilities and equipment with lease terms up to four years. The minimum operating lease payments for each of the next four fiscal years are as follows:

2010	$749,693
2011	383,368
2012	116,318
2013	10,876

(b) During the year, Lethbridge College continued with the reporting software project, and began two new major projects during the year: a major roofing project and a new student residence. As at June 30, 2009, the College had commitments in relation to these projects as follows:

	Contract	Expended	Commitments
New Student Residence:			
Consulting and Design	$ 1,016,500	$ 947,695	$ 68,805
Construction costs	11,885,441	-	11,885,441
	12,901,941	947,695	11,954,246
Roofing Project	2,600,546	414,126	2,186,420
Reporting Software Project	292,388	244,154	48,234
Total capital projects	$ 15,794,875	$ 1,605,975	$ 14,188,900

The Lethbridge College owns properties that may contain environmental contamination and require site reclamation the amount of any such obligations has not been determined.

Note 24 Budget

The 2009 budget was approved by the Board of Governors on May 20, 2008 and submitted to the Minister of Advanced Education and Technology on June 1, 2008.

Note 25 Pledges

As at June 30, 2009, outstanding pledges comprise the following:

Endowments	$ 5,000
Comprehensive fundraising campaign	24,000
Aboriginal Transition Program	80,000
Other	16,500
Total	$ 125,500

These amounts have not been recognized as revenue in the financial statements. The pledges are expected to be collected in 2010.

Note 26 Comparative Figures

Certain comparative figures have been reclassified to conform with the financial statements presentation adopted in the current year.

Note 27 Approval of Consolidated Financial Statements

These consolidated financial statements have been approved by the Board of Governors.

Medicine Hat College

Consolidated Financial Statements

June 30, 2009

MEDICINE HAT COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2009

Auditor's Report

To the Board of Governors of the Medicine Hat College

I have audited the consolidated statement of financial position of the Medicine Hat College as at June 30, 2009 and the consolidated statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
October 15, 2009

MEDICINE HAT COLLEGE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2009

		2009		2008
ASSETS				
Current:				
Cash and cash equivalents (Note 3)	$	14,395,920	$	14,882,614
Accounts receivable		1,363,967		1,213,069
Inventories		381,700		211,998
Prepaid expenses		273,557		213,284
		16,415,144		16,520,965
Investments (Note 3)		22,519,466		17,134,970
Capital assets (Note 4)		65,684,600		54,146,393
		88,204,066		71,281,363
	$	104,619,210	$	87,802,328
LIABILITIES AND NET ASSETS				
Current:				
Accounts payable and accrued liabilities	$	2,654,377	$	2,138,119
Accrued vacation pay		1,018,125		871,960
Unearned revenue (Note 5)		887,534		924,531
Deferred contributions (Note 6)		1,375,604		3,568,274
Current portion of long term debt (Note 7)		107,583		101,254
		6,043,223		7,604,138
Construction payables		1,297,263		997,327
Deferred capital contributions (Note 6)		16,206,569		10,480,346
Long term debt (Note 7)		3,297,149		3,404,733
Unamortized deferred capital contributions (Note 8)		45,419,403		36,174,076
		66,220,384		51,056,482
Net Assets:				
Unrestricted				
Accumulated excess of revenue over expenses		9,832,189		9,631,882
Accumulated net unrealized losses on available for sale financial assets		(338,114)		(258,974)
Internally restricted (Note 10)		2,114,000		1,799,000
Invested in capital assets (Note 11)		16,860,465		14,466,330
		28,468,540		25,638,238
Endowments (Note 12)		3,887,063		3,503,470
		32,355,603		29,141,708
	$	104,619,210	$	87,802,328

The accompanying notes are part of these consolidated financial statements.

Commitments and contingencies (Note 22)

MEDICINE HAT COLLEGE

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2009

	2009		2008
	Budget (Note 24)	Actual	Actual
Revenue:			
Grants (Note 14)	$ 29,154,500	$ 30,284,767	$ 27,672,061
Tuition and related fees	10,652,300	10,335,793	9,904,146
Sales, rentals and services	3,949,500	4,076,117	3,882,803
Donations (Note 6)	100,000	178,141	313,118
Investment income (Note 15)	818,000	745,579	1,153,343
Amortization of deferred capital contributions (Note 8)	1,668,000	1,661,789	1,522,833
	46,342,300	47,282,186	44,448,304
Expense: (Note 16)			
Salaries and benefits (Note 19)	29,201,700	28,565,332	26,325,370
Supplies and services	9,584,000	9,397,053	8,760,207
Utilities	1,160,400	1,241,931	1,220,369
Scholarships and bursaries	270,000	330,791	340,725
Cost of goods sold	1,261,400	1,189,906	1,155,289
Interest on long term debt	219,000	218,084	224,100
Amortization of capital assets	3,285,000	3,429,647	3,054,672
	44,981,500	44,372,744	41,080,732
Excess of revenue over expense	$ 1,360,800	$ 2,909,442	$ 3,367,572

The accompanying notes are part of these consolidated financial statements.

MEDICINE HAT COLLEGE

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2009

	2009						2008
	Unrestricted	Accumulated Net Unrealized Losses on Investments	Internally Restricted (Note 10)	Invested in Capital Assets (Note 11)	Endowments (Note 12)	Total	Total
Excess of revenue over expense	$ 2,909,442	$ -	$ -	$ -	$ -	$ 2,909,442	$ 3,367,572
Transfers for:							
Acquisition of capital assets	(4,060,738)	-	-	4,060,738	-	-	-
Amortization of capital assets	1,767,857	-	-	(1,767,857)	-	-	-
Repayment of long term debt	(101,254)	-	-	101,254	-	-	-
Internal restrictions - net	(315,000)	-	315,000	-	-	-	-
Accumulated gains and losses included directly in the statement of changes in net assets							
Change in accounting policy	-	-	-	-	-	-	79,526
Increase in net unrealized loss on investments(Note 9)	-	(79,140)	-	-	-	(79,140)	(338,500)
Endowment contributions	-	-	-	-	383,593	383,593	263,708
Increase (decrease) in Net Assets	200,307	(79,140)	315,000	2,394,135	383,593	3,213,895	3,372,306
Net Assets, beginning of year	9,631,882	(258,974)	1,799,000	14,466,330	3,503,470	29,141,708	25,769,402
Net Assets, end of year	$ 9,832,189	$ (338,114)	$ 2,114,000	$ 16,860,465	$ 3,887,063	$ 32,355,603	$ 29,141,708

The accompanying notes are part of these consolidated financial statements.

MEDICINE HAT COLLEGE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

	2009		2008
	Budget (Note 24)	Actual	Actual
Operating activities:			
Excess of revenue over expense	$ 1,360,800	$ 2,909,442	$ 3,367,572
Non-cash transactions:			
Amortization of capital assets	3,285,000	3,429,647	3,054,672
Amortization of deferred capital contributions	(1,668,000)	(1,661,789)	(1,522,833)
	2,977,800	4,677,300	4,899,411
Net changes in non-cash working capital (Note 20)	256,000	(1,660,851)	1,101,537
Cash generated through operating activities	3,233,800	3,016,449	6,000,948
Investing activities:			
Acquisition of capital assets	(6,736,500)	(14,967,854)	(10,048,648)
Net purchase of long-term investments	(6,420,000)	(5,750,902)	(7,425,335)
Cash used in investing activities	(13,156,500)	(20,718,756)	(17,473,983)
Financing activities:			
Capital contributions	10,200,000	16,633,339	14,501,583
Construction payables	(570,000)	299,936	237,185
Repayment of long term debt	(101,400)	(101,255)	(95,298)
Endowment contributions	100,000	383,593	263,708
Cash generated through financing activities	9,628,600	17,215,613	14,907,178
Increase (decrease) in cash and cash equivalents	(294,100)	(486,694)	3,434,143
Cash and cash equivalents, beginning of year	12,247,275	14,882,614	11,448,471
Cash and cash equivalents, end of year	$ 11,953,175	$ 14,395,920	$ 14,882,614

The accompanying notes are part of these consolidated financial statements.

MEDICINE HAT COLLEGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2009

Note 1 Authority and Purpose

Medicine Hat College (MHC) operates under the authority of the Post-Secondary Learning Act, Statutes of Alberta 2003, Chapter P-19.5. MHC is exempt from payment of income tax under section 149 of the Income Tax Act.

MHC provides broadly based educational and training programs and services to students and local communities.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these consolidated financial statements requires the use of estimates, which may vary from actual results. The following accounting policies and reporting practices are considered significant.

(a) Consolidated Financial Statements

These consolidated financial statements include the accounts of the Medicine Hat College Foundation. The Foundation operates under part 9 of the Companies Act of Alberta. The Foundation is a registered charity and is exempt from payment of income tax.

(b) Revenue Recognition

Unrestricted contributions are recognized as revenue in the period they are receivable.

Amounts received for tuition fees, and sale of goods and services are recognized as revenue at the time the goods are delivered or the services are provided.

Externally restricted non-capital contributions are deferred and are recognized as revenue in the period in which the related expenses are incurred. Externally restricted amounts can only be used for purposes designated by the contributor. Realized and unrealized gains and losses on financial instrument securities attributed to restricted non-capital contributions are recorded in deferred contributions and recognized as income when realized.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Revenue Recognition (continued)

Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts invested in capital assets are then transferred to unamortized deferred capital contributions. Unamortized deferred capital contributions are taken into income, as amortization of deferred capital contributions, in the periods that the related funded capital asset is amortized. Realized and unrealized gains and losses on financial instrument securities attributed to restricted capital contributions are also recorded in deferred capital contributions.

Externally restricted contributions containing stipulations that the amounts should be retained as net assets, or that the contributions should not be expended, are recorded as direct increases in net assets. Such stipulations would include contributions made for endowment purposes or to be used to acquire non-amortizable property. Realized and unrealized gains and losses on financial instrument securities attributed to endowments are recorded as deferred contributions and are recognized in the statement of operations when realized.

Contributions of materials and services that would otherwise have been purchased are recorded at fair market value when a fair market value can be reasonably determined.

(c) Net Assets Internally Restricted

Net assets internally restricted represent amounts set aside by the MHC Board of Governors to be used for designated purposes.

(d) Long Term Investments and Investment Income

Investments classified as available for sale are recorded at market value. Investment income includes dividend and interest income and realized gains and losses. Unrealized gains and losses on available for sale financial assets are included directly in net assets, deferred contributions or deferred capital contributions until the asset is removed from the statement of financial position.

(e) Inventories

Inventories held for resale are valued at the lower of cost or net realizable value, with cost determined on a first-in-first-out basis.

Note 2 **Summary of Significant Accounting Policies and Reporting Practices** (continued)

(f) Capital Assets

Land transferred to MHC from the City of Medicine Hat, and donated land, are recorded at fair market value at the date of transfer.

Construction in progress includes direct construction, architectural and engineering costs. Construction in progress is not amortized until construction is completed and the assets are ready for productive use.

Amortization is recorded on a straight-line basis over the assets' useful lives, which are as follows:

Buildings and renovations	40 years
Site improvements	25 years
Furniture and equipment	4 to 25 years
Library acquisitions	10 years
Systems planning and development	10 years

(g) Future Employee Benefits

MHC participates in the Local Authorities Pension Plan (LAPP). This pension plan is a multi-employer defined benefit plan that provides pensions for MHC employees, based upon years of service and earnings.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the LAPP pension plan. MHC does not record the College's portion of the pension plan's deficit or surplus.

(h) Financial Instruments

MHC's financial instruments consist of cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities, construction payables, and long-term debt. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

The business risks associated with financial instruments are categorized as currency risk (the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates); interest rate risk (the risk that the value of a financial instrument will fluctuate due to changes in market interest rates); and market risk (the risk that the value of a financial instrument will fluctuate as a result of changes in market prices). Through the use of MHC's collection procedures, investment guidelines and other internal policies, guidelines and procedures, it is management's opinion that MHC is not exposed to significant currency, interest or market risks arising from these financial instruments.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(h) Financial Instruments (continued)

All MHC financial assets and liabilities will be recorded on the consolidated statement of financial position at fair value. MHC's cash and cash equivalents will be classified as held for trading. The long term investments will be classified as available for sale. Accounts receivable will be classified as loans and receivable and after initial fair value measurement; they are measured at amortized cost. Accounts payable, accrued liabilities, and long term debt are classified as other financial liabilities and after initial fair value measurement; they are measured at amortized cost.

Financial assets classified as available-for-sale are measured at fair value with changes in fair value recognized in the Consolidated Statement of Changes in Net Assets, deferred contributions or deferred capital contributions as appropriate until realized, at which time the cumulative changes in fair value are recognized in the Consolidated Statement of Operations.

As permitted for not-for-profit organizations, MHC has elected to not apply the standards on derivatives embedded in non-financial contracts, and elected to continue to follow CICA 3861: Disclosure and Presentation.

(i) Capital Disclosures

Effective July 1, 2008 MHC adopted CICA 1535: Capital Disclosures. The new standard requires an entity to disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital. The new note disclosure is as follows:

MHC defines its capital as the amounts included in deferred contributions and deferred capital contributions (Note 6), endowments (Note 12) and unrestricted net assets. A significant portion of MHC's capital is externally restricted. MHC's unrestricted capital is funded primarily by Alberta Advanced Education & Technology. MHC has investment policies (Note 3), spending policies and cash management procedures to ensure the College can meet its capital obligations.

Under the Post-Secondary Learning Act, MHC must receive ministerial approval for a deficit budget, borrowing and the sale of any land or buildings.

Note 3 Cash, Cash Equivalents and Investments

	2009				2008	
	Cash and Cash Equivalents	Investments	Market Value	Total Cost	Market Value	Total Cost
Cash on hand	$ 9,200	$ -	$ 9,200	$ 9,200	$ 9,100	$ 9,10
Bank balances	10,664,541		10,664,541	10,664,541	9,778,550	9,778,55
Term deposits	3,722,179	12,277,821	16,000,000	16,000,000	12,000,000	12,000,00
Money market	-	50,328	50,328	50,328	308,461	308,46
Bond fund	-	7,237,476	7,237,476	7,405,905	7,410,034	7,600,82
Canadian equity fund	-	1,781,723	1,781,723	2,088,090	1,438,714	1,428,19
Foreign equity fund	-	1,172,118	1,172,118	1,428,372	1,072,725	1,256,09
	$ 14,395,920	$ 22,519,466	$ 36,915,386	$ 37,646,436	$ 32,017,584	$ 32,381,22

The Board of Governors has an approved investment policy covering both short and long-term investments of MHC. The primary investment objectives, in order of priority, are as follows:

a) Preservation of invested capital amounts.
b) Provision of stable and predictable returns.
c) Maximization of return on invested capital amounts.

Major points in the MHC investment policy are as follows:

a) Investments in cash equivalent securities must have a rating equal to or higher than "R1" or "A1".
b) Investments in fixed income securities must have a rating equal to or higher than "R1" or "A1", with the exception that up to 20% of the fixed income securities can be invested in "BBB-rated" bonds or "R1 low" rated paper.
c) Investment in corporate fixed income securities cannot exceed 50% of the externally managed portfolio.
d) Investment in any single corporate fixed income security cannot exceed 10% of the value of all corporate fixed income security holdings.
e) Investment in any single fixed income security cannot exceed 10% of the value of all investment funds, unless the security is issued or secured by the Government of Canada or a province of Canada.
f) Investment in equities cannot exceed 30% of the externally managed portfolio.
g) Except as noted above, all investments must be issued or fully secured by a chartered bank of Canada, by the Treasury Branch of Alberta, by an Alberta credit union backed by the Province of Alberta, or by the Federal Government or by any Provincial government of Canada.

The Bond Fund, Canadian Equity Fund and Foreign Equity Fund are held in pooled trust accounts that are managed by an external third party. The three pooled accounts are regulated within the guidelines set out in MHC's investment policy. Due to the conservativeness of the policy, management feels the business risk associated with these pooled funds is not significant.

Note 3 **Cash, Cash Equivalents and Investments** (continued)

The effective annual rate of earnings on long-term investments owned by MHC at June 30, 2009 was 1.39% (2008 – 4.45%) determined on a weighted average basis. Bank deposits held at June 30, 2009 were earning prime less 1.75% (Bank deposits 2008 – prime less 1.75%). Term deposits held at June 30, 2009 were earning 1.52% (2008 – 3.94%). The average days to maturity for term deposits held at June 30, 2009 are 76 days (2008 – 60 days). Securities classified as cash and cash equivalents will mature in less than one year.

Note 4 **Capital Assets**

	2009			2008
	Cost & Appraised Value	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 1,553,000	$ -	$ 1,553,000	$ 1,553,000
Buildings and renovations	66,718,364	29,623,327	37,095,037	38,721,774
Site improvements	12,671,566	7,226,871	5,444,695	576,132
Furniture and equipment	12,743,028	6,994,086	5,748,942	5,035,958
Library acquisitions	5,092,488	3,771,899	1,320,589	1,222,878
Systems planning and development	1,544,689	456,448	1,088,241	208,323
Construction in progress	13,434,096	-	13,434,096	6,828,328
	$ 113,757,231	$ 48,072,631	$ 65,684,600	$ 54,146,393

Capital acquisitions during the year included certain gifts-in-kind with a fair value of $52,760 (2008 - $94,559).

Note 5 **Unearned Revenue**

	2009	2008
Tuition and related fees	$ 870,248	$ 911,499
Other	17,286	13,032
	$ 887,534	$ 924,531

Note 6 Deferred Contributions and Deferred Capital Contributions

Deferred contributions represent amounts received that have not been spent and are externally restricted. The balance will be recognized as revenue in future periods.

	2009	2008
Deferred contributions relating to operating funding		
Contributions received and receivable:		
Grants	$ 19,449,710	$ 18,882,308
Donations	541,844	1,304,585
Investment income on endowments (Note 15)	100,136	173,002
	20,091,690	20,359,895
Transferred to revenue:		
Grants	(5,013,163)	(4,425,760)
Donations	(178,141)	(313,118)
Investment income	(151,066)	(173,002)
	(5,342,370)	(4,911,880)
Transferred to:		
Unamortized deferred capital contributions (Note 8)	(10,907,116)	(6,721,638)
Endowments	(21,385)	(958)
	(10,928,501)	(6,722,596)
Increase during the year from operating funding	3,820,819	8,725,419
Deferred contributions and deferred capital contributions relating to operating funding, beginning of year	14,151,487	5,426,068
Deferred contributions and deferred capital contributions from operating funding, end of year	$ 17,972,306	$ 14,151,487
Deferred contributions relating to unrealized gain/loss on investments		
Unrealized (loss) gain on investments, beginning of year	(102,867)	14,882
Change in unrealized loss on investments relating to deferred contributions and deferred capital contributions (Note 9)	(287,266)	(117,749)
Unrealized loss on investments related to donations & deferred capital	(390,133)	(102,867)
Deferred contributions and deferred capital contributions, end of year	$ 17,582,173	$ 14,048,620
The balance consists of funds restricted for:		
Deferred contributions:		
Program delivery	$ 372,860	$ 1,228,469
Scholarships	562,953	470,633
Other designated purposes	439,791	1,869,172
	1,375,604	3,568,274
Deferred capital contributions:		
Capital projects	16,206,569	10,480,346
Deferred contributions and deferred capital contributions, end of year	$ 17,582,173	$ 14,048,620

Note 7 Long Term Debt

Pursuant to a security agreement entered into with the Alberta Capital Finance Authority on May 1, 2002, MHC borrowed $4,000,000. The funds were used to finance the construction of new student housing at both the Medicine Hat and Brooks campuses. The borrowing of these funds was approved through an "Order In Council" by the Lieutenant Governor on February 6, 2002.

The debenture bears interest at 6.25% per annum, it is to be repaid in twenty-five (25) consecutive annual installments of $320,378, principal and interest, commencing May 1, 2003 and maturing on May 1, 2027. The debenture is secured by a security interest in certain specific property.

	2009	2008
Debenture Payable		
Current Portion	$ 107,583	$ 101,254
Non-current Portion	3,297,149	3,404,733
	$ 3,404,732	$ 3,505,987

Principal payments due during the next five fiscal years are as follows:

2009 - 2010	$ 107,583
2010 - 2011	114,307
2011 - 2012	121,451
2012 - 2013	129,041
2013 - 2014	137,107
Thereafter	2,795,243
	$ 3,404,732

Note 8 Unamortized Deferred Capital Contributions

Unamortized deferred capital contributions represent the external funding of capital assets, which will be recognized in revenue, as amortization of deferred capital contributions, in future periods as the related funded assets are amortized.

	2009	2008
Balance, beginning of year	$ 36,174,076	$ 30,975,271
Add amount transferred from deferred capital contributions (Note 6)	10,907,116	6,721,638
Less amount amortized to revenue	(1,661,789)	(1,522,833)
Balance, end of year	$ 45,419,403	$ 36,174,076

Note 9 Net Unrealized Gain (Loss) on Available for Sale Investments

	2009	2008
Net unrealized losses on available for sale investments arising during the year	$ (422,861)	$ (499,738)
Net investment gains realized on available-far-sale investments during the year in the statement of operations	56,455	43,489
Increase in unrealized losses on available for sale investments	(366,406)	(456,249)
Balance, beginning of year	(361,841)	94,408
Balance net unrealized (loss), end of year	$ (728,247)	$ (361,841)

	Unrestricted Investments	Deferred Contributions	Total 2009	Total 2008
Balance, beginning of year	$ (258,974)	$ (102,867)	$ (361,841)	$ 94,408
Increase during year	(79,140)	(287,266)	(366,406)	(456,249)
Total	$ (338,114)	$ (390,133)	$ (728,247)	$ (361,841)

Note 10 Net Assets Internally Restricted

Internally restricted net assets represent amounts set aside by the MHC Board of Governors to be used for the following purposes. These amounts are not available for other purposes without the approval of the Board.

	2009	2008
Non-Capital:		
Contingency	$ 1,500,000	$ 1,500,000
Capital:		
Computers and Technology	200,000	100,000
Ancillary Services - Student Residence and related parking	269,000	199,000
Ancillary Services - Parking	145,000	-
	614,000	299,000
	$ 2,114,000	$ 1,799,000

Note 11 Net Assets Invested in Capital Assets

	2009	2008
Investment in capital assets	$ 65,684,600	$ 54,146,393
Outstanding capital financing	(3,404,732)	(3,505,987)
Unamortized deferred capital contributions	(45,419,403)	(36,174,076)
	$ 16,860,465	$ 14,466,330

Note 12 Endowments

Endowments consist of externally restricted donations to MHC, the principal of which is required to be maintained intact in perpetuity. The investment income generated from the endowments must be used in accordance with the various purposes established by the donors.

Note 13 Ancillary Services

Included in Sales, rentals and services are ancillary service operations whose revenue and expenses are as follows:

	2009			2008
	Revenue	Expense	Net	Net
Bookstore	$ 1,637,677	$ 1,454,949	$ 182,728	$ 192,481
Cafeteria	127,285	79,980	47,305	84,070
Student residence	1,226,993	1,187,825	39,168	3,400
Parking	195,413	121,887	73,526	135,643
	$ 3,187,368	$ 2,844,641	$ 342,727	$ 415,594

Expense includes direct costs and related amortization.

Note 14 Related Parties

All members of the MHC Board of Governors are appointed by a combination of orders by the Lieutenant Governor in Council and the Minister of Advanced Education and Technology.

Transactions in the current period between MHC and the Province were as follows:

	2009			2008
	Received and Receivable	Deferred Contributions and UDCC (1)	Revenue	Revenue
Grants from Related Parties				
Alberta Advanced Education and Technology	$ 43,374,869	$ (14,114,896)	$ 29,259,973	$ 26,731,552
Other Alberta Government Departments	698,484	(275,110)	423,374	478,688
	44,073,353	(14,390,006)	29,683,347	27,210,240
Grants from Other Sources	713,859	(112,439)	601,420	461,821
Total Grants	$ 44,787,212	$ (14,502,445)	$ 30,284,767	$ 27,672,061

(1) UDCC refers to Unamortized Deferred Capital Contributions.

As at June 30, 2009, the accounts receivable balance included an amount due from related parties of $392,937 (2008 - $241,392). As at June 30, 2009, the accounts payable balance included an amount due to related parties of $6,150 (2008 - $52,109).

During the year, MHC conducted business transactions with other public colleges and universities. The revenues and expenses incurred for these courses have been included in the consolidated statement of operations, but have not been separately quantified. These transactions were entered into on the same business terms as with non-related parties and are recorded at fair value.

Note 15 Investment Income

	2009	2008
Investment income on endowments (Note 6)	$ 100,136	$ 173,002
Investment income on other sources	645,443	980,341
Total investment income recognized as revenue	$ 745,579	$ 1,153,343

Note 16 Expense by Function

		2009		2008
Instruction general	$	19,368,604	$	18,016,102
Instruction collaborative degrees		876,075		789,595
Academic support		3,149,916		2,998,095
Student services		4,716,275		4,521,423
Institutional support		4,041,520		3,470,477
Facility operations & maintenance		7,591,291		6,931,039
Ancillary services		2,844,641		2,788,863
Computing services		1,757,511		1,565,138
Sponsored research		26,911		-
	$	44,372,744	$	41,080,732

Instruction encompasses all formal educational and instructional program elements. Academic support includes all activities that directly support the educational and instructional elements such as academic administration, library and audiovisual services. Student services include all activities or services to the student body of the institution. Institutional support includes all activities that provide institution wide support to other programs.

Note 17 Pension Costs

MHC participates in a multiemployer pension plan – Local Authorities Pension Plan (LAPP). The pension expense recorded in these financial statements is equivalent to the MHC annual contributions payable to the plan of $1,704,546 for the year ended June 30, 2009 (2008 - $1,503,394).

At December 31, 2008, the LAPP reported a deficiency of $4,413,971,000 (2007 – deficiency of $1,183,334,000). The plan kept contribution rates unchanged from 2006 rates.

Note 18 Funds Held on Behalf of Others

MHC holds certain funds on behalf of others over which the Board has no power of appropriation. Accordingly, these funds are not included in the consolidated financial statements. At June 30, the respective funds held on behalf of others were as follows:

	2009	2008
Further Education Council	$ 82,730	$ 62,945
Students' Association	142,497	74,999
Faculty Association	12,061	10,224
Conservatory Groups	54,211	45,556
Homestay fees from international students	132,000	145,200
	$ 423,499	$ 338,924

Note 19 Salaries and Benefits

The Treasury Board's Salary and Benefits Disclosure Directive requires MHC to disclose certain salaries and benefits. Those salaries and benefits are as follows:

	2009				2008
	Base Salary (1)	Other Cash Benefits (2)	Other Non-cash Benefits (3)	Total	Total
Chairman of Board	$ -	$ 4,350	$ 147	$ 4,497	$ 4,092
Board (10 members)	-	15,600	365	15,965	18,465
President/CEO	204,041	-	51,874	255,915	226,962
Vice-President Academic	158,200	-	8,791	166,991	160,679
Vice-President, Student & External Relations (4)	129,340	-	22,913	152,253	107,482
Vice-President Corporate Services (5)	103,245	-	14,188	117,433	131,662
Dean, Arts	112,275	-	19,559	131,834	125,212

Note 19 Salaries and Benefits (continued)

1) Base Salary includes pensionable base pay.
2) Other Cash Benefits include bonuses, overtime, vacation payouts, other lump sum payments and honoraria where applicable.
3) Other Non-cash Benefits include the employer's share of all other employee benefits and contributions or payments made on behalf of employees including pension, health care, dental, group life insurance, employment insurance, remission of tuition fees, educational leave and car allowances.
4) Vice President, Student and External Relations was vacant from July 1, 2007 to September 30, 2007.
5) Vice President, Corporate Services was vacant July 1, 2008 to October 14, 2008.

Note 20 Changes in Non-Cash Working Capital

	2009	2008
Accounts receivable	$ (150,898)	$ (425,003)
Inventories	(169,702)	16,305
Prepaid expenses	(60,273)	32,663
Accounts payable and accrued liabilities	516,258	552,180
Accrued vacation pay	146,165	94,074
Unearned revenue	(36,997)	(11,289)
Deferred contributions	(1,905,404)	842,607
	$ (1,660,851)	$ 1,101,537

Note 21 **Capital Fundraising Project**

The following is the status of the Foundation's fundraising as it relates to major capital projects:

	Actual			Project
	Pre-2008	2009	Total	Target
Power Engineering Project:				
Donations received	$ 1,484,769	$ 56,220	$ 1,540,989	
Grants received by Medicine Hat College from Alberta Infrastructure and Advanced Education & Technology	5,776,717	813,087	6,589,804	
	$ 7,261,486	869,307	8,130,793	
Pledges Receivable				
Unconditional		25,000	25,000	
		$ 894,307	$ 8,155,793	$ 8,929,200
Percent of Actual to-date to total Project Budget			91%	
Alumni Hall Project:				
Donations received	$ 362,918	$ 58,407	$ 421,325	
Grants received by Medicine Hat College from Advanced Education & Technology	301,662	58,530	360,192	
	$ 664,580	116,937	781,517	
Pledges Receivable				
Unconditional		124,000	124,000	
		$ 240,937	$ 905,517	To be established
Percent of Actual to-date to total Project Budget			N/A	

The estimated realizable value of pledges receivable at June 30, 2009 was $149,000 (2008 - $297,130). These pledges are expected to be honoured over the next 3 years and are not recorded as income or assets in these financial statements. The pledge information is presented for information purposes only.

Note 22 Commitments and Contingencies

(a) During the 2009 fiscal year MHC completed the Roadway Entrance and Parking Lot Upgrade. Projects started during the year included an expansion and renovation to the Trades Wing, Theatre Upgrade and an expansion and renovation to the F-Wing. Projects that are still ongoing and nearly completed are the Encana Power Engineering building and the Courtyard Renovations. The Visual Communications building project is still in the early stages of development.

In relation to the above projects, as at June 30, 2009, MHC had contractual commitments of $12,096,375 (2008 - $8,176,014). This amount has not been recorded in the financial statements.

(b) MHC has identified asset retirement obligations for which fair value cannot be reasonably estimated due to the indeterminate timing and scope of the asset retirement. The asset retirement obligation for these assets will be recorded in the period in which there is sufficient information to estimate fair value.

Note 23 Comparative Figures

Certain June 30, 2008 figures have been reclassified to conform to the current year presentation.

Note 24 Budget

The original budget was approved by the MHC Board of Governors at their regular meeting on May 20, 2008.

Note 25 Approval of Consolidated Financial Statements

These consolidated financial statements were approved by the MHC Board of Governors.

MOUNT ROYAL COLLEGE

Consolidated Financial Statements

For the Year Ended
June 30, 2009

MOUNT ROYAL COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2009

Auditor's Report

To the Board of Governors of Mount Royal University

I have audited the consolidated statement of financial position of Mount Royal College as at June 30, 2009 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Dunn FCA
Auditor General

Edmonton, Alberta
October 26, 2009

MOUNT ROYAL COLLEGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2009
(thousands of dollars)

	2009	2008
ASSETS		
Current:		
Cash and cash equivalents (Note 3)	$ 54,234	$ 46,979
Accounts receivable	6,345	4,614
Inventories (Note 5)	1,069	657
Prepaid expenses	1,839	1,680
	63,487	53,930
Long term receivable (Note 4)	10,156	6,197
Long term investments (Note 3)	73,933	78,932
Capital assets (Note 6)	173,397	171,570
	$ 320,973	$ 310,629
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 10,895	$ 9,227
Deferred revenues	5,551	5,552
Accrued vacation pay	6,551	5,653
Deferred contributions (Note 7)	17,881	19,349
Current portion of long-term liabilities (Note 9)	1,673	2,190
	42,551	41,971
Unamortized deferred capital contributions (Note 10)	125,827	124,358
Long-term deferred contributions (Note 7)	1,142	8,243
Deferred capital contributions (Note 8)	27,680	12,336
Long-term liabilities (Note 9)	42,367	43,515
	239,567	230,423
Net assets:		
Unrestricted Net Assets		
Cumulative excess of revenue over expense	82	674
Cumulative net unrealized gains on investments (Note 3)	1,939	1,720
Internally restricted (Note 12)	29,706	31,600
Investment in capital assets	17,952	16,431
Endowments (Note 11)	31,727	29,781
	81,406	80,206
	$ 320,973	$ 310,629

The accompanying notes are part of these consolidated financial statements.

MOUNT ROYAL COLLEGE
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2009
(thousands of dollars)

	2009	2008
Revenue:		
Grants	$ 87,154	$ 74,524
Tuition and related fees	40,587	35,432
Community programs	20,982	21,692
Sales, rentals and services	24,408	22,254
Investment (loss) income (Note 13)	(5,483)	6,539
Donations and contributions	4,729	2,162
Gain on disposal of capital assets	-	827
Earned capital contributions (Note 10)	6,207	6,432
	178,584	169,862
Expense (Note 16):		
Salaries and benefits (Note 17)	121,835	106,432
Supplies and services	32,590	32,306
Cost of goods sold	6,421	5,640
Utilities	5,152	5,434
Scholarships and bursaries	3,435	2,407
Amortization and loss on disposal of capital assets	10,117	10,178
	179,550	162,397
Excess of (expense over revenue) revenue over expense	$ (966)	$ 7,465

The accompanying notes are part of these consolidated financial statements.

MOUNT ROYAL COLLEGE
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009
(thousands of dollars)

	2009						2008
	Unrestricted Net Assets	Internally Restricted Net Assets (Note 12)	Investment in Capital Assets	Total Operating Net Assets	Endowments (Note 11)	Total	Total
Excess of revenue over expense	$ (966)	$ -	$ -	$ (966)	$ -	$ (966)	$ 7,465
Transfers	621	(1,895)	1,274	-	-	-	-
Internally funded:							
Acquisition of capital assets	(3,000)	-	3,000	-	-	-	-
Repayment of debt	(1,187)	-	1,187	-	-	-	-
Amortization and loss on disposal of capital assets	3,940	-	(3,940)	-	-	-	-
Contributions to endowments	-	-	-	-	1,946	1,946	1,403
(Decrease) increase in net assets	(592)	(1,895)	1,521	(966)	1,946	980	8,868
Balance, beginning of year	674	31,601	16,431	48,706	29,781	78,487	69,619
Balance, end of year	82	29,706	17,952	47,740	31,727	79,467	78,487
Cummulative unrealized gains on investments (Note 3)	1,939	-	-	1,939	-	1,939	1,720
Balance, end of year	$ 2,021	$ 29,706	$ 17,952	$ 49,679	$ 31,727	$ 81,406	$ 80,207

The accompanying notes are part of these consolidated financial statements.

MOUNT ROYAL COLLEGE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009
(thousands of dollars)

	2009	2008
Operating Activities:		
Excess of revenue over expense	$ (966)	$ 7,465
Non-cash transactions:		
Amortization and net gain/loss on disposal of capital assets	10,117	9,352
Earned capital contributions (Note 10)	(6,207)	(6,432)
Employee leave balance	297	446
	3,241	10,831
Net realized change in non-cash working capital (Note 15)	(1,180)	7,129
Cash generated from operating activities	2,061	17,960
Investing Activities:		
Acquisition of capital assets:		
From internal funds	(4,274)	(3,145)
From capital contributions	(7,676)	(1,182)
Proceeds on the disposal of assets	30	2,841
Disposal of investments, net	5,193	(10,757)
(Decrease) in long-term deferred contributions	(7,101)	(4,055)
Cash used for investing activities	(13,828)	(16,298)
Financing Activities:		
(Increase) in long term receivable	(3,959)	(6,197)
Repayment of long-term liabilities	(1,984)	(1,275)
Contributions to endowments	1,946	1,403
Capital contributions	23,019	8,581
Cash generated from financing activities	19,022	2,512
Increase in cash and cash equivalents	7,255	4,174
Cash and cash equivalents, beginning of year	46,979	42,805
Cash and cash equivalents, end of year	$ 54,234	$ 46,979

The accompanying notes are part of these consolidated financial statements.

Note 1 Authority

Mount Royal College (the "College") operates under the authority of the Post-Secondary Learning Act, Statutes of Alberta 2003, Chapter P-19.5. The College's vision is creating exceptional learning experiences for a world of possibilities. The College is a registered charity under Section 149 of the Income Tax Act and is exempt from payment of income tax.

Note 2 Significant Accounting Policies and Reporting Practices

(a) General and Use of Estimates

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these consolidated financial statements requires the use of estimates, which may vary from actual results. Such estimates have been made using judgments determined by the College's administration. The resulting estimates are within reasonable limits of materiality and are in accordance with the significant accounting policies summarized below. These significant accounting policies are presented to assist the reader in evaluating these consolidated financial statements and, together with the following notes, should be considered an integral part of the consolidated financial statements.

(b) Consolidated Statements

The financial statements are prepared on a consolidated basis and include the amounts of the following entities:

(i) The Mount Royal College Foundation incorporated under part 9 of the Companies Act of Alberta on March 26, 1991.

(ii) The Mount Royal College Day Care Society incorporated under the Societies Act of Alberta.

(c) Revenue Recognition

Operating grants, including those from the Province of Alberta, are recognized as revenue in the period receivable. If a portion of a grant relates to a future period, that portion is deferred and recognized in the subsequent period.

Capital grants, including those from the Province of Alberta, are recorded as deferred contributions until they are invested in capital assets. Amounts invested, representing funded capital assets and contributions of property, are then transferred to unamortized deferred capital contributions. Unamortized deferred capital contributions are recognized as earned capital contributions revenue in the period when the related amortization expense of the funded capital asset is recorded. The related portion of amortization expense and the earned capital contributions revenue are matched to indicate that the related amortization expense has been funded externally.

Note 2 Significant Accounting Policies and Reporting Practices (Continued)

(c) Revenue Recognition (Continued)

Unrestricted cash donations are recognized as revenue in the period received. Donations of goods and services, which would otherwise have been purchased by the College, are recorded at fair value when a fair value can be reasonably determined.

Externally restricted non-capital contributions, including restricted investment income on endowment net assets, are deferred and then recognized as revenue in the period when the related expense or performance is incurred. Unrealized gains and losses on available-for-sale securities attributed to endowment net assets are also recorded in deferred contributions. Externally restricted contributions can only be used for the designated purposes. Externally restricted contributions containing stipulations that they should be retained as net assets or that they should not be expended are recorded as a direct increase in net assets. Such contributions include contributions made for endowment purposes or those to be used to acquire non-amortizable property.

Unrealized gains and losses on available-for-sale securities attributed to other net assets are recorded in the consolidated statement of changes in net assets, and are recognized in the statement of operations when realized. Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Other unrestricted investment income is recognized as revenue when earned.

Tuition fees and sales of goods and services are deferred and then recognized as revenue in the period when the services are provided or the goods are sold. Revenue from contracts is recognized using the percentage of completion method and is recognized within community programs revenue.

(d) Inventories

Inventory values are based upon the first in first out method and presented at the lower of cost or net realizable value.

(e) Credit, Interest, Foreign Exchange, Commodity Price and Market Risk

Financial instruments of the College are exposed to credit risk, interest rate risk, foreign exchange risk, commodity price risk and market risk. The College's accounts receivable are due from a diverse group of customers and are subject to normal credit risk. The interest rate risk is the risk to the College's earnings that arises from the fluctuations in interest rates and the degree of volatility of these rates. The foreign exchange risk is the risk of rising costs related to purchase transactions in United States currency. The commodity price risk is the risk of rising costs related to the purchase of electricity and natural gas to operate the College's facilities. The market risk is the risk to the College's earnings that arises from the fluctuation and the degree of volatility in the market value of its long-term investments. Each of these risks is limited by the College through its collection procedures, investment policy, and other internal policies and procedures.

Note 2 Significant Accounting Policies and Reporting Practices (Continued)

(f) Financial Instruments

The College has adopted the provisions of Canadian Institute of Chartered Accountants handbook section 3855 "Financial Instruments, Recognition Measurement" and section 3861 "Financial Instruments – Disclosure and Presentation" in place of Sections 3862 and 3863. The College does not use hedge accounting and accordingly, is not impacted by the requirements of Section 3865, Hedges.

These standards required the College to revalue certain financial assets and liabilities, including derivatives, at fair value on the initial date of implementation and at each subsequent report date. As permitted for Not-for-Profit Organizations, the College has elected not to apply the standards for embedded derivatives (elements of contracts whose cash flows move independently from the host contract) in non-financial contracts.

The College financial instruments are classified and measured as follows:

Financial Statement Components	Classification	Measurement
Cash and cash equivalents	Available-for-Sale	Fair Value
Investments	Available-for-Sale	Fair Value
Accounts receivable	Loans and Receivables	Cost
Other long-term assets	Loans and Receivables	Amortized Cost
Accounts payable	Other Liabilities	Cost
Long-term liabilities	Other Liabilities	Amortized Cost

The College's financial instruments are recognized on their trade date and transaction costs related to all financial instruments are expensed as incurred. Financial assets classified as available-for-sale are measured at fair value with changes in fair values recognized in the Consolidated Statement of Changes in Net Assets or deferred contributions as appropriate until realized, at which time the cumulative changes in fair value are recognized in the Consolidated Statement of Operations.

The carrying value of cash, receivables, payables and accruals approximate their fair value due to the relatively short periods to maturity of the instruments. The fair value of investments is market value.

When the market value of an investment falls below its cost, and the decline is determined to be other-than-temporary, the cumulative loss that had been recognized directly in net assets is removed and recognized directly in the Statement of Operations even though the financial asset has not been derecognized. Impairment losses recognized in the Statement of Operations for a financial instrument classified as available-for-sale are not reversed in subsequent years.

The carrying value of financial assets and financial liabilities are considered to be fair value unless otherwise disclosed.

(thousands of dollars)

Note 2 Significant Accounting Policies and Reporting Practices (Continued)

(g) Capital Assets

Capital assets are recorded at cost. Donated assets are recorded at fair value. Capital assets under construction are not amortized until construction is completed and the assets are ready for productive use.

Capital assets are amortized on a straight-line basis as follows:

Site improvements	20 - 40 years
Buildings	25 - 40 years
Leasehold improvements	5 - 15 years
Furnishings and equipment	3 - 10 years
Computer equipment	3 - 5 years

Library acquisitions are amortized on a declining balance basis at a rate of 10%.

Construction in progress includes direct construction costs, architectural costs, and engineering costs and interest on related debt. Interest costs are capitalized until the asset is substantially complete.

(h) Employee Future Benefits

The College participates in the Local Authorities Pension Plan. This pension plan is a multi-employer defined benefit pension plan that provides pensions for the College's participating employees, based on years of service and earnings.

The College maintains supplemental pension plans for some of its current and past Senior Executives. These plans provide defined benefit and defined contribution pension benefits for the members of the supplemental plans.

Pension costs included in these consolidated financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plans. The College's portion of the pension plan deficits or surpluses are not recorded by the College.

(i) Capital Disclosures

Effective July 1, 2008, the College adopted CICA 1535: Capital Disclosures. The new standard requires an entity to disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital. The new note disclosure is as follows:

The College defines its capital as the amounts included in deferred contributions (Note 7), deferred capital contributions (Note 8), endowment net assets (Note 11), and unrestricted net assets. A significant portion of the College's capital is externally restricted and the

(thousands of dollars)

Note 2 Significant Accounting Policies and Reporting Practices (Continued)

(i) Capital Disclosures (Continued)

College's unrestricted capital is funded primarily by Alberta Advanced Education and Technology. The College has investment policies (Note 3), spending policies and cash management procedures to ensure the College can meet its capital obligations.

Under the Post-Secondary Learning Act, the Institute must receive ministerial approval for a deficit budget, borrowing, and the sale of any land or buildings.

Note 3 Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments are recorded at market value, with unrealized gains or losses recorded in deferred contributions or unrestricted net assets. Cost base includes the cost of investments, net of unamortized premiums or discounts and a provision for investments that have a decline in market value below cost that is other than temporary. Market value is based upon the quoted market price of the securities.

	2009			2008		
	Cost Base	Unrealized Gain	Market Value	Cost Base	Unrealized Gain (Loss)	Market Value
Cash and cash equivalents	$ 54,234	$ -	$ 54,234	$ 46,979	$ -	$ 46,979
Fixed Income Pooled Funds	32,812	504	33,316			
Federal, Provincial and Municipal Bonds	-	-	-	19,153	221	19,374
Corporate Bonds	-	-	-	17,710	(286)	17,424
Equities - Canadian	20,103	1,318	21,421	20,076	5,080	25,156
Equities - International	17,918	1,278	19,196	19,086	(2,108)	16,978
	125,067	3,100	128,167	123,004	2,907	125,911
Held as long-term investments	70,833	3,100	73,933	76,025	2,907	78,932
Held as cash and short-term investments	$ 54,234	$ -	$ 54,234	$ 46,979	$ -	$ 46,979

The amount held as long-term investments represents funds not available for current operations and includes endowments and deferred contributions externally restricted for capital or specific purposes as outlined below. The long-term portion at any time will equal or exceed the restricted obligations. For the 2009 fiscal year, long-term investments exceeded the restricted obligation. As such there was no restriction on cash and cash equivalents.

(thousands of dollars)

Note 3 Cash, Cash Equivalents and Investments (Continued)

	2009	2008
Endowments (Note 11)	$ 31,727	$ 29,781
Long-term deferred contributions (Note 7)	1,142	8,243
Deferred capital contributions (Note 8)	27,680	12,336
Total restricted long-term	60,549	50,360
Unrestricted long-term	10,284	25,665
Total long-term cash and investments	$ 70,833	$ 76,025

The overall rate of return on cash and investments for the year was (6.9)% (2008: 7.2%). The cash and cash equivalents and bond funds maturities and effective yields are as follows:

	2009								2008	
	Less than 1 year	Effective Yield	1 to 5 Years	Effective Yield	Over 5 Years	Effective Yield	Total	Effective Yield	Total	Effective Yield
Cash and cash equivalents	$ 54,234	1.47%	$ -	0.00%	$ -	0.00%	$ 54,234	1.47%	$ 46,979	3.89%
Federal, Provincial and Municipal bonds	-		-		-		-		19,153	4.32%
Corporate Bonds	-		-		-		-		17,710	5.56%
	$ 54,234		$ -		$ -		$ 54,234		$ 83,842	

The College Board of Governors (the "Board") has approved an investment policy. The Board's Audit and Finance Committee has been delegated by the Board of Governors the authority for the oversight of the College's investments. The primary investment objective is to maintain the level of distribution from invested funds while preserving capital in real (inflation adjusted) terms over the long term. The Board provides guidelines on asset mix, diversification, quality and nature of securities, and terms of fixed income. The Audit and Finance Committee periodically reviews the performance of the investment managers to ensure they are in compliance with the investment objectives and policies of the College.

(thousands of dollars)

Note 3 Cash, Cash Equivalents and Investments (Continued)

	2009		
	Unrealized (loss) gain recorded in deferred contributions (Note 7)	Unrealized (loss) gain recorded in unrestricted net assets	Total
Net unrealized (loss) on available-for-sale investments	$ (1,284)	$ (1,923)	$ (3,207)
Decline in the value of equity investments that is other than temporary	1,258	2,142	3,400
(Decrease) increase in unrealized gain	(26)	219	193
Balance, beginning of year	1,187	1,720	2,907
Net unrealized gains on available-for-sale investments June 30, 2009	$ 1,161	$ 1,939	$ 3,100

Note 4 Long Term Receivable

The College and the Student's Association of Mount Royal College (SAMRC) entered into an agreement to finance the expansion of the SAMRC's Wyckham Student Centre facilities on campus. The College borrowed the sum of $13 million for this purpose (Note 9). Progress payments for the construction of the Wyckham Student Centre expansion project have generated a receivable at June 30, 2009 of $10,156 (2008: $6,197).

Note 5 Inventories

	2009	2008
Bookstore	$ 996	$ 600
Recreation	12	14
Printing	47	25
Smart Card	6	6
Food services	8	12
	$ 1,069	$ 657

(thousands of dollars)

Note 6 Capital Assets

	2009			2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land and mineral rights	$ 6,833	$ 3	$ 6,830	$ 6,831
Site improvements	15,438	4,267	11,171	11,769
Buildings	206,340	73,734	132,606	138,078
Furnishings and equipment	49,094	37,187	11,907	12,593
Library acquisitions	5,086	2,707	2,379	2,206
Leasehold improvements	3,828	1	3,827	1
Construction in progress	4,677	-	4,677	92
	$ 291,296	$ 117,899	$ 173,397	$ 171,570

The net gain on disposal of capital assets in the year was $ 44 (2008: a net gain of $827).

Capital assets include assets under capital leases with a cost of $1,849 and accumulated amortization of $1,246 (2008:$1,871 and $892 respectively).

Capital asset additions include donated assets recorded as gifts in kind of $24 (2008: $82).

For assets classified as construction in progress, no interest was capitalized in 2009 or 2008.

Construction projects in progress are not amortized until the project is ready for use.

(thousands of dollars)

Note 7 Deferred Contributions

Deferred contributions are restricted contributions, which have been received but relate to expenses of future periods.

	2009	2008
Deferred contributions related to operating funding		
Contributions received during the year:		
Grants	$ 11,792	$ 9,170
Donations and other contributions	1,511	2,264
Transferred to revenue:		
Grants	(8,843)	(5,127)
Investment income (Note 13)	521	(2,049)
Donations and contributions	(5,351)	(4,355)
Realized (loss) gain on investments related to deferred contributions	(3,379)	4,043
Transferred to unamortized deferred capital (Note 10)	(4,794)	(1,177)
(Decrease) increase during the year related to operating funding	(8,543)	2,769
Balance related to operating funding, beginning of year	26,405	23,636
Balance related to operating funding, end of year	17,862	26,405
Unrealized gain on investment related to deferred contributions:		
Unrealized gain on investments, beginning of year (Note 3)	1,187	4,469
Change in unrealized gain on investments related to deferred contributions	(26)	(3,282)
Unrealized gain on investments, end of year	1,161	1,187
Net deferred contributions, end of year	$ 19,023	$ 27,592

Unspent amounts at the end of the year are restricted for the following purposes:

	2009	2008
Current:		
Program support and scholarships	$ 1,229	$ 3,187
Conditionally funded programs	1,685	4,550
Renovations, maintenance and repairs	13,806	10,425
Change in unrealized gain on investments related to deferred contributions	1,161	1,187
	17,881	19,349
Long-term:		
Special purpose program funding	1,142	8,243
	$ 19,023	$ 27,592

(thousands of dollars)

Note 8 Deferred Capital Contributions

	2009	2008
Contributions received during the year:		
Grants	$ 15,600	$ -
Donations and other contributions	2,633	7,406
	18,233	7,406
Transferred to revenue:		
Donations and other contributions	(7)	-
Transferred to unamortized deferred capital contributions (Note 10)	(2,882)	(5)
Increase during the year	15,344	7,401
Balance, beginning of the year	12,336	4,935
Balance, end of year	$ 27,680	$ 12,336

The balance at the end of year is restricted for the following purposes:

	2009	2008
Campus expansion	$ 27,680	$ 12,336

Note 9 Long-term Liabilities

	2009	2008
Construction financing for student residence (a)	$ 28,952	$ 29,750
Construction financing for student centre expansion (b)	12,603	12,807
Capital lease obligations (c)	656	1,021
Employee leave and retirement allowances (d)	1,538	1,830
Supplemental retirement allowances (Note 14)	291	297
	44,040	45,705
Less: current portion	1,673	2,190
	$ 42,367	$ 43,515

(thousands of dollars)

Note 9 Long-term Liabilities (Continued)

The minimum annual payments for each of the five succeeding fiscal years are as follows:

Residence Debenture (a)		
2010	$	847
2011		899
2012		954
2013		1,012
2014		1,074
	$	4,786
Wyckham Student Centre Expansion (b)		
2010	$	214
2011		224
2012		236
2013		248
2014		260
	$	1,182
Capital Leases (c)		
2010	$	394
2011		203
2012		59
Total minimum lease payments	$	656
Employee leave and retirement allowances (d)		
2010	$	218
2011 and subsequent years		1,611
	$	1,829

a) Pursuant to a loan agreement entered into on August 14, 2002, the College borrowed the sum of $33.1 million to finance the construction of a student residence. The loan bears interest at 6.125% per annum and matures August 15, 2027. Security pledged for the loan includes all future cash flows generated through the operation of the student residence.

b) Pursuant to a loan agreement entered into on June 15, 2007, the College borrowed the sum of $13 million to finance the expansion of the MRC Student Association's Wyckham Student Centre facilities on campus. The loan bears interest at 5% per annum and matures June 15, 2037. In conjunction with this loan agreement is an agreement between the College and SAMARC to pay the College debt of $13 million over the same payment schedule and maturity date.

c) The imputed interest rate payable on these leases averages 7.87% (2008: 8.19%). During the year, interest expense of $75 (2008: $88) has been included in supplies and services expense.

(thousands of dollars)

Note 9 Long-term Liabilities (Continued)

d) The College has commitments to certain employees for earned leave and retirement allowances.

Note 10 Unamortized Deferred Capital Contributions

Unamortized deferred capital contributions are the funded portion of capital assets that will be recognized as revenue in future periods.

	2009	2008
Transferred from deferred contributions (Note 7)	$ 4,794	$ 1,177
Transferred from deferred capital contributions (Note 8)	2,882	5
Earned and transferred to revenue	(6,207)	(6,432)
Increase (decrease) during the year	1,469	(5,250)
Balance, beginning of year	124,358	129,608
Balance, end of year	$ 125,827	$ 124,358

Note 11 Endowments

	2009	2008
External endowments	$ 31,527	$ 29,581
Internal endowments	200	200
Total Endowments	$ 31,727	$ 29,781

Endowments consist of restricted donations to the College as well as internal allocations by the Board, the principal of which is required to be maintained intact in perpetuity. The investment income generated from endowments must be used in accordance with the various purposes established by the donors or the Board. The economic value of the endowments are protected by limiting the amount of investment income that may be spent on an annual basis. Investment income earned in excess of this amount is recorded as deferred contributions and may also be added to the endowment principal.

(thousands of dollars)

Note 11 Endowments (Continued)

Under the *Post-Secondary Learning Act*, the College has the authority to alter the terms and conditions of externally restricted endowments to enable:

- Income earned by the endowment to be withheld from distribution to avoid fluctuations in the amounts distributed and generally to regulate the distribution of income earned by the endowment.
- Encroachment on the capital of the endowment to avoid fluctuations in the amounts distributed and generally to regulate the distribution of income earned by the endowment if, in the opinion of the Board of Governors, the encroachment benefits the College and does not impair the long-term value of the fund.

In any year, if the investment income earned on endowments is insufficient to fund the spending allocation, or should the investment return be negative, the spending allocation is funded from unspent earnings. However, for individual endowment funds without sufficient cumulative unspent earnings, endowment capital is used in the current year. This amount is expected to be recovered by future investment income.

Note 12 Internally Restricted Net Assets

The Board has committed operating net assets as follows:

	2009	2008
Operations:		
Academic program development	$ 1,275	$ 1,131
College effectiveness and community needs	268	551
Professional development	276	308
Scholarships and bursaries	904	654
Research and special projects	5,172	6,322
	7,895	8,966
Capital:		
Capital and equipment renewal	4,123	4,244
Residence	957	1,749
New facilities	11,400	12,000
Parking	5,331	4,641
	21,811	22,634
Total	$ 29,706	$ 31,600

(thousands of dollars)

Note 13 Investment Income

	2009	2008
Net investment (loss) income from restricted balances	$ (344)	$ 4,448
Net transferred from (to) deferred contributions	(177)	(2,399)
Investment (loss) income from restricted sources (Note 7)	(521)	2,049
Investment (loss) income from unrestricted sources	(4,962)	4,490
Investment (loss) income	$ (5,483)	$ 6,539

(thousands of dollars)

Note 14 Long-term Employee Benefit Liabilities

a) Supplemental Retirement Plan (SRP)

This supplemental retirement plan includes retirement benefits for a former President of Mount Royal College.

	2009	2008
Accrued obligation , beginning of year	$ 394	$ 407
Current service cost	-	-
Interest cost	21	22
Prior service cost	-	-
Benefit paid	(34)	(35)
Actuarial loss	-	-
Accrued obligation, end of year	$ 381	$ 394
Accrued obligation	$ 381	$ 394
Unrecognized actuarial loss	(90)	(97)
Unrecognized prior service cost	-	-
Accrued liability, end of year (Note 9)	$ 291	$ 297
Current service cost	$ -	$ -
Interest cost	21	22
Prior service cost amortization	-	-
Actuarial loss amortization	-	-
Total SRP expense	$ 21	$ 22
Assumptions at end of year		
Discount Rate	5.50%	5.50%
Expected average remaining service life of employee	13	14

b) Pension Expense

	2009	2008
Local Authorities Pension Plan	$ 6,571	$ 5,510
Defined contribution supplemental pension plan	99	88
Supplemental retirement plan	21	22
	$ 6,691	$ 5,620

At December 31, 2008 the Local Authorities Pension Plan (LAPP) reported a deficit of $4,413,971 as compared to a deficit of $1,183,334 at December 31, 2007. The contribution rates for 2009 were unchanged from the prior years.

(thousands of dollars)

Note 15 Net Changes in Non-Cash Working Capital

	2009	2008
Current:		
Increase in accounts receivable	$ (1,731)	$ (583)
(Increase) decrease in inventories	(412)	121
(Increase) in prepaid expenses	(159)	(470)
Increase in accounts payable and accrued liabilities	1,668	1,016
(Decrease) in deferred revenue	(1)	(506)
Increase in accrued vacation pay	898	728
(Decrease) Increase in deferred contributions	(1,443)	6,823
	$ (1,180)	$ 7,129

Note 16 Expenses by Function

	2009	2008
Instruction	$ 88,490	$ 78,544
Student services	24,914	20,104
Institutional support	16,827	15,259
Facility operations and maintenance	16,031	18,058
Ancillary services	12,799	12,030
Computing Services	10,372	8,224
Amortization and loss on disposal of capital assets	10,117	10,178
	$ 179,550	$ 162,397

(thousands of dollars)

Note 17 Salaries and Benefits

This note complies with the requirements of the Alberta Provincial Treasury Board Salary and Benefits Disclosure Directive dated December 16, 1998 (amended on June 13, 2007) as applied to the College. The information is generally comparable from year to year. However, due to the specifics of the requirements and the particulars of the College's organization, the information may not be comparable to that of another organization.

	2009				2008
	Base Salary (1)	Other Cash Benefits (2)	Other Non-Cash Benefits (3) (5)	Total	Total
Board Chair	$ 6	$ -	$ -	$ 6	$ 5
Board Members	15	-	-	15	18
President (4)	257	55	88	400	473
Vice Presidents					
Academic	202	9	103	314	302
Administrative Services	202	-	79	281	273
External Relations	172	-	51	223	215
Executive Director					
Student Affairs and Campus Life	141	-	44	185	177

1) Base Salary includes pensionable base salary.
2) Other Cash Benefits include the following. Consistent with other post secondary institutions and in recognition that the College uses the Executives' homes for various College functions, the College pays for certain costs for the general operation of the home determined in accordance with a contractual arrangement entered into with the executive member and the College. In lieu of a supplementary retirement plan, the President receives a lump sum transfer to a registered retirement plan on an annual basis which equated to $35 in 2009 (2008: $0).
3) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, extended health care, dental care, long-term disability, and group life insurance. The other non-cash benefits also include the employer's share of the cost of additional benefits including administrative leaves or other special leaves with pay, supplementary retirement plans, car allowances, and club memberships.
4) The President has a place on the Board for which he receives no remuneration. The College provides a vehicle to the President, the value of which is not included in benefits.
5) Under the terms of the supplementary retirement plan (SRP), executive officers may receive supplemental retirement payments. Retirement arrangement costs, as detailed below, are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the defined annual contributions to the plan on behalf of the plan member including accrued interest on the accrued liability in the plan. During 2009, the College paid the full amount of the accrued benefit owing to the President.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(thousands of dollars)

Note 17 Salaries and Benefits (Continued)

	Supplementary Retirement Benefits			
	Accrued Obligation 2008	Payments	Current Service Pension Cost	Accrued Obligation 2009
President	$ 100	$ 100	$ -	$ -
Vice Presidents				
Academic	30	-	18	48
Administrative Services	75	-	18	93
External Relations	87	-	16	103
Executive Director				
Student Affairs & Campus Life	34	-	12	46

(thousands of dollars)

Note 18 Related Party Transactions

The College is a Provincial Corporation as all the members of the Board are appointed either by statute or by a combination of orders by the Lieutenant Governor in Council and the Minister of Advanced Education and Technology. Transactions between the College and the Province are disclosed as follows:

	2009		2008	
	Current Year Receipts	Current Year Receipts to Deferred Contributions or to Unamortized Deferred Capital Contributions	Current Year Receipts	Current Year Receipts to Deferred Contributions or to Unamortized Deferred Capital Contributions
Advanced Education and Technology				
Operating grant	$ 68,044	$ -	$ 61,552	$ -
Bachelor of Nursing Degree Funding	-	-	3,145	3,145
ACCESS funding - programs	10,041	-	6,492	-
ACCESS funding - one-time	10,932	9,408	68	-
Access to the Future Funds	3,000	3,000	3,000	3,000
Facilities Infrastructure	7,600	7,600	-	-
Infrastructure Maintenance	3,182	2,764	-	-
Inmate Education Program	279	-	250	1
Literacy - Peer Learning Program	35	1	27	-
Exam Support Assistance	217	-	135	-
High speed network / microsoft rebate	27	-	9	-
International Summer Program	40	-	-	-
Other Provincial Sources				
AB Sports, Rec, Parks, Wildife Fdn	88	72	-	-
Ministry of Alberta Education	190	190	-	-
AADAC	24	-	24	24
AB Children's Services	100	459	550	543
APAS	168	53	100	97
AB Municipal Affairs and Housing	-	1,273	-	1,435
Alberta Health Care	3,776	3,501	4,387	3,138
eCampus	20	-	21	17
AB Foundation for Arts	113	-	-	-
Comm Facilities Enhancement Progra	-	123	-	123
Comm Initiative Programm	-	67	-	67
Calgary Comm Adult Learning Assoc.	32	35	33	3
	$ 107,908	$ 28,546	$ 79,793	$ 11,593

(thousands of dollars)

Note 18 Related Party Transactions (Continued)

During the year, the College conducted business transactions with other public colleges and universities. The revenues and expenses incurred for these business transactions have been included in the statement of operations but have not been separately quantified. These transactions were entered into on the same business terms as those with non-related parties and are recorded at fair value amounts.

At June 30, 2009 the College has receivables from the Province of Alberta of $1,912 (2008: $165) and payables to the Province of Alberta of $1,373 (2008: $541).

Note 19 Contractual Obligations and Contingencies

(a) The College leases two facilities within Calgary and one within Edmonton, each with lease terms of up to five years. These leases expire within the next one to four years. The minimum operating lease payments for each of the four succeeding fiscal years is as follows:

2010	$ 942
2011	724
2012	651
2013	651

(b) As at June 30, 2009, the College has commitments of approximately $5,900 (2008: $6,200) for capital and expansion projects. As well, in 2008, the College entered into a five year contract (expiring on December 31, 2013) to manage its exposure to volatility in the electrical industry. Based on management's estimate, the annual costs for the year ending June 30, 2010 are expected to be approximately $3.28 million.

(c) The College entered into an operating lease in February of 2008 for computers. The minimum operating lease payments for these leases for each of the four succeeding years is as follows:

2010	$ 1,985
2011	1,576
2012	1,036
2013	433

(thousands of dollars)

Note 20 Pledges

The estimated realizable value of pledges at June 30, 2009 is $1,684 (2008: $1,955). These pledges are expected to be honoured over the next five years and are not recorded as assets in these financial statements.

Note 21 Budget

The College is required to submit annually a budget/business plan, approved by the Board, to the Minister of Advanced Education and Technology for approval. The budget for fiscal year 2008/2009 was approved by the Board on April 7, 2008. The approved budget and four year business plan was submitted to the Minister thereafter. The board approved a revised budget for 2008/2009 on Oct. 27, 2008. That approved College budget and the full budget for the consolidated entity are as follows:

	Consolidated Entity Budget
Revenue	
Grants	$ 97,809
Tuition and related fees	38,905
Community programs	19,293
Sales, rentals and services	20,772
Investment income	5,873
Donations and contributions	2,252
Earned capital contributions	6,431
	$ 191,335
Expense	
Salaries and benefits	$ 122,535
Supplies and services	43,571
Cost of goods sold	5,182
Utilities	5,424
Scholarships and bursaries	2,956
Amortization and net loss on disposal of assets	10,180
	$ 189,848

Note 22 Subsequent Event

On September 2, 2009, the Lieutenant Governor in Council officially changed the name of Mount Royal College to Mount Royal University through an Order in Council signed on that date. This change was in recognition of ninety-nine years of excellence in post secondary education. The Premier of the Government of Alberta awarded Mount Royal all the rights and privileges pertaining to the Post-Secondary Learning Act which officially allows Mount Royal to be designated as a University offering Baccalaureate and Applied Studies degrees/education.

Note 23 Comparative Figures

Certain 2008 figures have been reclassified to conform to the current year presentation.

Note 24 Approval of Financial Statements

The Board of Governors has approved these financial statements.

NorQuest College

Financial Statements

June 30, 2009

NORQUEST COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2009

Auditor's Report

To the Board of Governors of NorQuest College

I have audited the consolidated statement of financial position of NorQuest College as at June 30, 2009 and the consolidated statements of operations, changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

FCA
Auditor General

Edmonton, Alberta
October 28, 2009

NORQUEST COLLEGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2009

		2009	2008
	ASSETS		
Current:			
	Cash and cash equivalents (Note 3)	$14,646,721	$ 9,129,078
	Accounts receivable	3,329,388	2,791,175
	Inventories	126,636	152,384
	Prepaid expenses	711,190	383,081
		18,813,935	12,455,718
Non-Current:			
	Non-current cash and cash equivalents (Note 3)	12,011,634	10,423,357
	Investments (Note 4)	2,149,897	4,151,363
	Capital assets (Note 6)	36,333,226	32,291,644
		$69,308,692	$59,322,082
	LIABILITIES AND NET ASSETS		
Current:			
	Accounts payable and accrued liabilities	$ 4,557,847	$ 3,744,075
	Accrued vacation pay	3,855,131	3,435,345
	Unearned revenue (Note 7)	3,234,016	2,121,353
	Deferred lease inducement (Note 8)	151,926	56,434
	Capital lease obligation (Note 9)	27,084	17,365
	Deferred contributions (Note 10)	3,776,192	2,931,361
		15,602,196	12,305,933
Non-Current			
	Deferred lease inducement (Note 8)	671,035	263,361
	Lease obligation (Note 9)	45,739	72,823
	Deferred capital contributions (Note 11)	8,273,275	7,449,788
	Unamortized deferred capital contributions (Note 13)	21,054,159	18,922,979
		45,646,404	39,014,884
Net Assets:			
	Unrestricted		
	Accumulated excess of revenues over expenses	3,122,873	2,135,068
	Accumulated net unrealized gain on investment	103,804	107,124
	Internally restricted (Note 14)	3,085,299	3,487,511
	Invested in capital assets	15,279,067	13,368,666
		21,591,043	19,098,369
	Endowments (Note 15)	2,071,245	1,208,829
		23,662,288	20,307,198
		$69,308,692	$59,322,082

The accompanying notes are an integral part of these financial statements.

NORQUEST COLLEGE
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2009

	2009 Budget (Note 25)	2009 Actual	2008 Actual
Revenue:			
Grants and other provincial government contributions (Note 16)	$ 39,389,730	$ 39,824,250	$ 33,306,038
Tuition and related fees	15,131,538	14,948,554	11,379,459
Entrepreneurial grants and contracts (Note 17)	8,474,698	9,026,870	7,193,506
Other sales, services and rental income	3,076,438	3,027,000	2,767,331
Amortization of deferred capital contributions (Note 13)	1,097,000	1,720,563	1,122,254
Interest Income (Note 19)	500,000	691,266	832,016
Donations and contributions	555,385	909,587	665,525
	68,224,789	70,148,090	57,266,129
Expense (Note 20):			
Salaries, wages and benefits (Note 21)	47,607,162	45,822,825	39,854,316
Supplies and services (Note 22)	15,791,710	17,074,303	12,880,220
Amortization	2,735,000	3,668,491	2,708,517
Utilities	750,700	692,282	601,000
Professional development	448,037	394,195	299,814
	67,332,609	67,652,096	56,343,867
Excess of revenue over expense	$ 892,180	$ 2,495,994	$ 922,262

NORQUEST COLLEGE
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

	2009						2008
	Unrestricted	Accumulated Unrealized Gain (Loss) on Investments	Internally Restricted (Note 14)	Invested in Capital Assets	Endowments (Note 15)	Total	Total
Excess of revenue over expense	$ 2,495,994	$ -	$ -	$ -	$ -	$ 2,495,994	$ 922,262
Endowment contributions	-	-	-	-	862,416	862,416	322,361
(Decrease) increase in net unrealized gains on investments available for sale (Note 5)	-	(3,320)	-	-	-	(3,320)	27,670
Transfers for:							
Acquisition of internally funded capital assets	(3,858,329)	-	-	3,858,329	-	-	-
Net book value of capital assets disposed	5,619	-	-	(5,619)	-	-	-
Amortization of internally funded capital assets	1,942,309	-	-	(1,942,309)	-	-	-
Board appropriations (Note 14)	(4,721,000)	-	4,721,000	-	-	-	-
Amount expended (Note 14)	5,123,212	-	(5,123,212)	-	-	-	-
Increase (Decrease) in net assets	987,805	(3,320)	(402,212)	1,910,401	862,416	3,355,090	1,272,293
Net assets, beginning of year	2,135,068	107,124	3,487,511	13,368,666	1,208,829	20,307,198	19,034,905
Net assets, end of year	$ 3,122,873	$ 103,804	$ 3,085,299	$ 15,279,067	$ 2,071,245	$ 23,662,288	$ 20,307,198

NORQUEST COLLEGE
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2009

	2009	2008
Cash generated from:		
Operating activities:		
Excess of revenue over expense	$ 2,495,994	$ 922,262
Non-cash transactions:		
Amortization of capital assets	3,662,871	2,659,548
Amortization of deferred capital contributions (Note 13)	(1,720,563)	(1,122,254)
Loss on disposal of capital assets	5,619	48,969
	4,443,921	2,508,525
Changes in working capital:		
Accounts receivable	(538,213)	95,205
Inventories	25,748	9,427
Prepaid expenses	(328,109)	(58,358)
Accounts payable and accrued liabilities	813,772	904,208
Accrued vacation pay	419,786	343,671
Unearned revenue	1,112,663	942,787
Leasehold inducement	503,166	(56,434)
Lease obligation	(17,365)	90,188
Deferred contributions	844,831	1,078,373
	2,836,279	3,349,067
Cash provided by operating activities	7,280,200	5,857,592
Investing activities:		
Proceeds on sale of investments	1,998,146	686,491
Acquisition of capital assets - internally funded	(3,858,329)	(3,199,241)
Acquisition of capital assets - externally funded	(3,349,300)	(3,744,027)
Cash applied to investing activities	(5,209,483)	(6,256,777)
Financing activities:		
Deferred capital contributions received	7,584,938	10,240,848
Deferred capital contributions used for operating	(3,412,151)	(777,993)
Endowment contributions	862,416	322,361
Cash generated from financing activities	5,035,203	9,785,216
Increase in cash and cash equivalents	7,105,920	9,386,031
Cash and cash equivalents, beginning of year	19,552,435	10,166,404
Cash and cash equivalents, end of year	26,658,355	19,552,435
Cash and cash equivalents non-current	12,011,634	10,423,357
Cash and cash equivalents - current	$ 14,646,721	$ 9,129,078

Note 1 Authority and Purpose

NorQuest College (the "College") operates under the authority of *the Post-Secondary Learning Act, Chapter P-19.5, Statutes of Alberta, 2003*.

Serving primarily communities in central Alberta, the College provides instruction and training to assist adult learners through academic upgrading programs; career entry training in business, health, trades, technical and service industries; and English as a second language programs. The College maintains a special interest in providing programs and services to aboriginal communities.

Note 2 Significant Accounting Policies and Reporting Practices

(a) Consolidation and Use of Estimates

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the accounts of the College and the NorQuest College Foundation.

In preparing the College's consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. Management believes its estimates to be appropriate: however, actual results could differ from these estimates.

(b) Revenue Recognition

(i) Unrestricted Contributions

Unrestricted operating grants and contributions are recognized as revenue in the period when receivable. Unrealized gains and losses on available-for-sale securities attributed to other net assets are recorded in the consolidated statement of changes in net assets, and recognized in the statement of operations when realized.

(ii) Restricted Contributions

Externally restricted grants and contributions received primarily for non capital purposes are deferred and recognized as revenue in the period when related expenses are incurred.

Externally restricted contributions received primarily for capital purposes are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to Unamortized Deferred Capital Contributions. Unamortized Deferred Capital Contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

Restricted contributions for the purchase of capital assets which will not be amortized are recorded as direct increases in net assets Invested in Capital Assets.

Externally restricted contributions for endowment purposes are not recognized as revenue, but are recorded as direct increases in net assets.

(iii) Investment Earnings

The College recognizes dividend and interest revenue as earned, and investment gains and losses when realized. Realized gains and losses represent the difference between the amounts recognized through sales of investments and their respective cost base, as well as the amounts provided for as a writedown due to impairment.

Unrealized gains and losses on available-for-sale securities attributed to endowment net assets are recorded in deferred contributions. Unrealized gains and losses on available-for-sale securities attributed to other net assets are recorded in the consolidated statement of changes in net assets, and are recognized in the statement of operations when realized.

(iv) Donations

Donations and contributions in kind are recorded at fair value.

(v) Program Delivery

Revenue from tuition fees, education contract programs and sale of goods and services is recognized as revenue in the period in which the goods are delivered or the services are provided.

Revenue from long-term education contracts is determined using the percentage of completion method. Provision is made for all anticipated losses as soon as they become evident.

(c) Inventories

Inventories for resale are valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis. The College does not allocate overheads or other costs to inventory as these costs are immaterial to the overall inventory value.

(d) Capital Assets

Capital assets are recorded at cost, except donated assets, which are recorded at fair value.

Capital assets are amortized on a straight-line basis over the following estimated average useful lives:

Buildings, site and leasehold improvements	7 - 40 years
Furniture, equipment and vehicles	10 years
Library collection	10 years
Curriculum	10 years
Computer hardware	5 years
Computer software	5 years
Rental books	5 years

(e) Employee Future Benefits

The College participates in the Public Service Pension Plan and the Management Employees Pension Plan. These pension plans are multi-employer defined benefit pension plans, that provide pensions for the College's participating employees, based on years of service and earnings.

Pension costs included in these financial statements comprise the cost of employer contributions, for its employees during the year, based on rates which are expected to provide for benefits payable under the respective pension plan. The College's portion of the pension plans' deficit or surplus is not recorded by the College.

(f) Full Cost

The College accounts for all significant costs and revenues related to the services it delivers. The fair value of services provided by the Alberta Government is recorded, with a corresponding amount in grants and other provincial government contributions. This consists of an estimate of the fair value of the lease payments for buildings which are leased by the College at a discounted or nominal cost, an estimate of the fair value of internet services, and an estimate of the fair value of courier services.

(g) Financial Instruments

The College has classified its significant financial assets and financial liabilities as follows:

Cash and short-term investments are classified as held-for trading, and are recorded at fair value with changes in fair value recorded through the excess of revenue over expense in each period.

Long-term investments are classified as available-for-sale, and are measured at fair value with subsequent gains or losses included in net assets or deferred contributions until the asset is removed from the consolidated statement of financial position.

Accounts receivable, and contributions receivable are classified as loans and receivable. After initial fair value measurement, they are measured at amortized cost.

Accounts payable and accrued liabilities and employee benefit liabilities are classified as other financial liabilities. After their initial fair value measurement, they are measured at amortized cost.

Financial instruments of the College are exposed to credit risk, interest rate risk, and foreign exchange risk. The College's accounts, and contributions receivable are due from a diverse group of customers and are subject to normal credit risk. The interest rate risk is the risk to the College's earnings that arises from the fluctuations in interest rates and the degree of volatility of these rates. The foreign exchange risk is the risk of the rising costs related to purchase transactions in United States currency and the reduction of amount collected for receivables which are due in United States currency. Each of these risks is limited through the College's collection procedures, investment guidelines and other internal policies, guidelines and procedures.

The College does not use hedge accounting and accordingly, is not impacted by the requirements of Section 3865, Hedges. As permitted for Not-for-Profit Organizations, the College has elected not to apply the standards for embedded derivatives (elements of contracts whose cash flows move independently from the host contract) in non-financial contracts. The College has elected to continue to follow CICA Handbook Section 3861: Financial Instruments - Disclosure and Presentation.

(h) Fixed income securities

Fixed income securities are classified as available-for-sale (investments held for long-term capital appreciation and generation of income), and are measured at fair value at each reporting date. Fixed income securities are initially recognized at acquisition cost (purchase price plus transaction costs), which reflects any premium or discount at date of purchase, and carried at fair value.

(i) Capital disclosure

Effective July 1, 2008 the College adopted CICA 1535: Capital Disclosures. The new standard requires the College to disclose information that enables users of its financial statements to evaluate the College's objectives, policies and processes for managing capital.

The College defines its capital as the amounts included in deferred contributions (note 10), deferred capital contributions (note 11), endowments (note 15), and unrestricted net assets. A significant portion of the College's capital is externally restricted and the College's unrestricted capital is funded primarily by Alberta Advanced Education and Technology. The College has investment policies, spending policies and cash management procedures to ensure the College can meet its capital obligations.

Under the Post Secondary Learning Act, the College must receive ministerial approval for a deficit budget, borrowing and the sale of any land or buildings. The College does not have a deficit budget.

Note 3 **Cash and cash equivalents (current and non-current)**

Cash and short-term investments are classified as held-for trading, and are recorded at fair value with changes in fair value recorded through the excess of revenue over expense in each period.

	2009 Book Value	2009 Market Value	2008 Book Value	2008 Market Value
Cash - operating	$ 2,393,797	$ 2,393,797	$ 3,215,217	$ 3,215,217
Cash - investment fund	24,264,558	24,264,558	16,337,218	16,337,218
Total cash and cash equivalents	26,658,355	26,658,355	19,552,435	19,552,435
Less non-current portion	(12,011,634)		(10,423,357)	
Cash and cash equivalents - current	$ 14,646,721		$ 9,129,078	

Non-current cash and investments are comprised of:

	2009	2008
Internally restricted for capital purposes (Note 14)	$ 1,667,114	$ 1,764,740
Externally restricted for capital purposes	8,273,275	7,449,788
Endowments	2,071,245	1,208,829
	$ 12,011,634	$ 10,423,357

Note 4 **Investments**

The College's investment policy is dedicated to optimizing the return on investment while ensuring that the assets of the College are at all times prudently invested while minimizing the potential for loss of capital.

Specific guidelines have been established with respect to asset's quality, liquidity and term constraints.

In accordance with the College's investment guidelines investments may be made in the guaranteed investment instruments of an ATB Financial, of the Government of Canada or a province, and in Chartered Banks having a Canadian Bond Service Rating of at least A-1 in treasury bills, bonds, bankers acceptances, debentures, notes or other debt instruments.

	2009			2008		
	Book Value	Unrealized Gain/(Loss)	Market Value	Book Value	Unrealized Gain/(Loss)	Market Value
Government of Canada bonds	$ 1,991,618	$ 158,279	$ 2,149,897	$ 2,989,227	$ 151,877	$3,141,104
Provincial bonds	-	-	-	998,311	11,948	1,010,259
Total investments	$ 1,991,618	$ 158,279	$ 2,149,897	$ 3,987,538	$ 163,825	$4,151,363

Investments by range of maturity date are as follows:

	2009		
	Book Value	Market Value	Effective Yield to Maturity
Maturity less than one year	$ 999,838	$ 1,049,810	5.60%
Maturity 1 - 5 years, bonds	991,780	1,100,087	5.70%
	$ 1,991,618	$ 2,149,897	

The market value of investments may fluctuate with changes in current interest rates. Market values may decrease if interest rates increase and may increase if interest rates decrease.

Term to maturity of investments is based upon the contractual maturity of the security.

Note 5 Net Unrealized Gains on Available-for-Sale Investments

	2009	2008
Net unrealized gains on available-for-sale investments at July 1, 2008	$ 163,825	$ 120,142
Net unrealized gains on available-for-sale investments arising during the year	31,008	43,683
Net investment gains realized on available-for-sale investments during the year and reported in the statement of operations	(36,554)	-
Net unrealized gains on available-for-sale investments at June 30, 2009	$ 158,279	$ 163,825

Presented as:	2009			2008
	Endowment net assets recorded in deferred contributions (Note 10)	Unrestricted net assets	Total	Total
Balance, July 1, 2008	$ 56,701	$ 107,124	$ 163,825	$ 120,142
(Decrease) Increase during year	(2,226)	(3,320)	(5,546)	43,683
Balance, end of year	$ 54,475	$ 103,804	$ 158,279	$ 163,825

Note 6 Capital Assets

	2009			2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 5,171,165	$ -	$ 5,171,165	$ 5,171,165
Buildings, site and leasehold improvements	24,023,989	6,047,724	17,976,265	16,709,907
Computer hardware	9,971,766	5,945,229	4,026,538	3,278,402
Computer software	6,080,095	2,929,025	3,151,069	2,621,619
Rental books	1,269,114	1,135,212	133,903	71,238
Furniture, equipment and vehicles	6,371,121	1,782,283	4,588,838	3,310,270
Library collection	1,158,063	586,977	571,086	480,241
Curriculum	1,231,672	517,309	714,363	648,802
	$ 55,276,985	$ 18,943,759	$ 36,333,226	$ 32,291,644

Buildings include $1,509,744 (2008 - $1,509,744) of the Learning Center project functionality design cost, amortization of which is deferred until the completion of the project.

Computer software includes $996,402 (2008 - $91,317) of the ERP Student Module, and $151,304 (2008 - $0) of the ERP Human Resources Module implementation costs, amortization of which is deferred until the completion of the implementation.

Note 7 Unearned Revenue

	2009	2008
Tuition fees	$ 1,640,299	$ 865,583
Entrepreneurial contract programs	1,322,662	1,180,467
Ancillary services and other	271,055	75,303
	$ 3,234,016	$ 2,121,353

Note 8 Deferred Lease Inducement

The College received a lease inducements under a agreements for leased premises. The inducement has been deferred and is being applied as a reduction of lease expense over the term of the lease (March 1, 2007 to June 30, 2015) on a straight-line basis as follows:

2010	$ 151,926
2011	151,926
2012	151,926
2013	151,926
2014	151,926
subsequent	63,331
Total unamortized deferred lease inducement	822,961
Less: current portion	(151,926)
Long term portion of deferred lease inducement	$ 671,035

Note 9 Capital Lease Obligation

The College has entered into capital lease agreements with interest rates between 3.5% and 4.9%:

	2009	2008
Capital lease obligation	$ 72,823	$ 90,188
Less: current portion	(27,084)	(17,365)
Non-current capital lease obligation	$ 45,739	$ 72,823

The minimum annual payments under the capital lease obligation are as follows:

	2009
2009-2010	$ 28,670
2010-2011	22,756
2011-2012	24,982
Total minimum lease payments	76,408
Less: amounts representing interest	(3,585)
Capital lease obligation	$ 72,823

During the year, interest on the capital lease obligation amounting to $3,291 (2008 - $3,755) has been charged to expense.

Note 10 Deferred Contributions

	2009	2008
Deferred contributions relating to operating funding		
Restricted donations and contributions received during the year:		
Conditional grants	$ 6,444,129	$ 5,274,864
Donations and contributions	1,358,406	953,047
Interest income (Note 19)	148,991	107,732
	7,951,526	6,335,643
Transferred from deferred capital contributions (Note 11)	190,000	-
Transferred to revenue:		
Conditional grants, Alberta Advanced Education and Technology (Note 16)	(5,792,144)	(4,273,847)
Conditional grants, Other Provincial Government	(253,619)	-
Donations and contributions	(817,297)	(613,062)
Interest income (Note 19)	(37,565)	(20,027)
	(6,900,625)	(4,906,936)
Transferred to deferred capital contributions (Note 11)	(366,938)	(212,596)
Transferred to endowments	(26,906)	(194,439)
Change in deferred contributions relating to operating funding	847,057	1,021,672
Deferred contributions relating to operating funding, beginning of year	2,874,660	1,852,988
Deferred contributions relating to operating funding, end of year	$ 3,721,717	$ 2,874,660
Deferred contributions relating to unrealized gain on endowment investments		
Unrealized gain on endowment investments, beginning of year, as restated (Note 5)	56,701	40,688
Change in unrealized gain on endowment investments	(2,226)	16,013
Unrealized gain on endowment investments, end of year	54,475	56,701
Total deferred contributions, end of year	$ 3,776,192	$ 2,931,361

The balance consists of funds restricted for:

	2009	2008
E-campus Development	$ -	$ 9,952
Enrollment Envelope 2006	204,774	223,642
High Speed Network	36,252	18,126
Roadmap for Web-based Curriculum Development	-	3,750
Enrollment Planning Envelope 2007 - Health Workforce	282,988	288,000
Enrollment Planning Envelope 2008 One-time - ACSW & ASP (Wetaskiwin)	228,892	-
Enrollment Planning Envelope 2008 One-time - Business Administration	10,000	-
Enrollment Planning Envelope 2008 One-time - Pharmacy Techinician	45,000	-
Enrollment Planning Envelope 2008 One-time - Mental Health Rehabilitation	37,000	-
Enrollment Planning Envelope 2008 Operating - Unearned Revenue	128,567	-
Alberta Post-Secondary Application System	99,103	100,000
Youth In Transition Program	92,833	24,866
Print Media Production Program	-	56,272
ESL Support for Smaller Provider	-	198,156
Rural Delivery of Practical Nurse Education Research	83,000	181,000
Curriculum Common Model for Post-Secondary Institution	192,046	146,000
Clinical Skills Development Model & Tech Framework	137,201	241,000
Faculty Development	1,965	-
Scholarships, bursaries and special projects	2,142,096	1,385,876
Change in unrealized gain on investment allocated to deferred contribution	54,475	56,701
	$ 3,776,192	$ 2,931,361

Note 11 Deferred Capital Contributions

	2009	2008
Conditional grants:		
Alberta Advanced Education and Technology	$ 7,783,000	$ 8,606,000
Government of Canada - Western Economic Diversification	-	1,422,252
Transferred from deferred contributions (Note 10)	366,938	212,596
	8,149,938	10,240,848
Transferred to grant revenue:		
Alberta Infrastructure and Transportation (Note 16)	-	(223,142)
Alberta Advanced Education and Technology (Note 16)	(3,412,151)	(554,851)
Transferred to unamortized deferred capital contribution (Note 13)	(3,349,300)	(3,744,027)
Transferred to deferred contributions (Note 10)	(190,000)	-
Transferred to endowments	(375,000)	-
	823,487	5,718,828
Balance at beginning of year	7,449,788	1,730,960
Balance at end of year	$ 8,273,275	$ 7,449,788

The balance consists of funds restricted for:

	2009	2008
Government of Canada - Western Economic Diversification		
The Centre for Excellence in Print Media Communications	$ -	$ 37,171
Alberta Advanced Education and Technology		
Infrastructure Maintenance Program 2008/2009	122,197	
HVAC System Renewal (BLIMS 06/07)	626,908	530,709
Access to the Future	1,261,038	1,597,054
The Centre for Excellence in Print Media Communications	93,032	131,019
Auditorium Upgrade (BLIMS 07/08)	567,109	583,000
Air Conditioning Replacement (BLIMS 07/08)	315,000	315,000
Science Lab Upgrade (BLIMS 07/08)	3,540	200,000
Planning the Downtown Campus Expansion Project	4,310,434	703,034
Practical Nurse Expansion Program	464,017	3,352,801
Campus Security System Upgrade (BLIMS 08/09)	300,000	-
Window Replacement (BLIMS 08/09)	210,000	-
	$ 8,273,275	$ 7,449,788

Note 12 Employee Future Benefits

At July 1, 2002, the College established a self-insured long term disability plan for its term employees. Employee and employer contributions are based on a percentage of the monthly salary of each term employee. This percentage is reviewed each year in conjunction with a review of the actual benefits paid out during the year.

The table below is a summary of the plan's assets and liabilities balances, as of June 30, 2009

	2009	2008
Plan assets		
Deposits		
Employee contributions	$ 45,098	$ 44,127
Employer contributions	9,251	9,330
	54,349	53,457
Withdrawals		
Payments	10,092	40,323
Administration	3,720	3,762
	13,812	44,085
Surplus	40,537	9,372
Plan assets, beginning of year	65,278	55,906
Plan assets, end of year	105,815	65,278
Accrued benefit obligation		
Open and reported claims liability estimate[1]	-	20,008
Incurred but not reported claims [2]	40,762	40,092
Claims fluctuation reserve [3]	13,587	5,178
	54,349	65,278
Total excess assets	$ 51,466	$ -

1) The open and reported claims liability estimate is determined based on a gross monthly benefit, and does not contain other discounts for interest, death or recovery, and CPP offset.

2) The incurred but not received claims estimate is determined based on 75% of actual paid premiums.

3) The claims fluctuation reserve serves the purpose of moderating the potential impact of negative claims experience. In the years when claims experience exceeds premium payments the reserve will be drawn down to pay the excess claims. In the years when premiums exceed claims the reserve will be build up to a level equaling to 25% of annual premiums.

The College participates in the Public Service Pension Plan and the Management Employees Pension Plan. The pension expense recorded in these financial statements is equivalent to the College's annual contributions of $2,907,213 for the year ended June 30, 2009 (2008 - $2,479,850).

At December 31, 2008, the Management Employees Pension Plan reported a deficiency of $568,574,000 (2007 deficiency of $84,341,000) and the Public Service Pension Plan reported a deficiency of $1,187,538,000 (2007 deficiency of $92,070,000).

Note 13 Unamortized Deferred Capital Contributions

	2009	2008
Balance at beginning of year	$ 18,922,979	$ 16,021,542
Amortization of deferred capital contributions	(1,720,563)	(1,122,254)
Transferred from deferred capital contributions (Note 11)	3,349,300	3,744,027
Donated capital assets	502,443	279,664
Balance at end of year	$ 21,054,159	$ 18,922,979

Note 14 Internally Restricted Net Assets

Internally restricted net assets represent amounts restricted by the College Board of Governors to be used for the following designated purposes. These amounts are not available for other purposes without the approval of the Board.

	2009			
	Opening	Appropriations and Transfers	Expended	Closing
Capital:				
Downtown Campus Development	$ 1,338,527	$ -	$ -	$ 1,338,527
Information Management Project	268,951	1,540,000	(1,592,141)	216,810
Physical Assets	157,262	719,000	(764,485)	111,777
	1,764,740	2,259,000	(2,356,626)	1,667,114
Operating:				
Information and Technology	212,946	1,493,000	(1,682,819)	23,127
Organizational Development	434,107	-	-	434,107
Educational Resources	601,008	728,000	(987,880)	341,128
Health Careers Expansion	297,309	-	(5,999)	291,310
Business Development	155,686	241,000	(81,320)	315,366
Scholarships	21,715	-	(8,568)	13,147
	$ 3,487,511	$ 4,721,000	$ (5,123,212)	$ 3,085,299

Note 15 Endowments

Endowments consist of restricted donations to the College and internal allocations by the Board of Governors, the principal of which is not to be spent. Investment earnings on externally restricted endowments are recorded as deferred contributions until spent, at which time they are recorded as revenue. Investment earnings on internally restricted endowments are recorded as revenue and transferred to internally restricted net assets until spent. The investment income generated from endowments must be used in accordance with the purposes established by the donors or the Board of Governors. Endowments comprise the following:

	2009	2008
Externally restricted for scholarships and bursaries	$ 1,786,397	$ 1,022,098
Internally restricted:		
Scholarships and bursaries	246,694	148,577
Literacy	23,154	23,154
Career training	5,000	5,000
Graduation	10,000	10,000
	284,848	186,731
	$ 2,071,245	$ 1,208,829

Note 16 Grants and Other Provincial Government Contributions

	2009	2008
Alberta Advanced Education and Technology:		
General operating grant	$ 30,151,243	$ 27,834,252
Performance envelope	-	204,852
Conditional grants (Note 10)	5,792,144	4,273,847
Conditional capital grants (Note 11)	3,412,151	554,851
Other Alberta Government:		
Contributions in kind (Note 24)	215,093	215,094
Conditional grants (Note 10)	253,619	-
Conditional capital grants (Note 11)	-	223,142
	$ 39,824,250	$ 33,306,038

Note 17 Entrepreneurial grants and contracts

	2009	2008
Government of Canada - Language Instruction for Newcomers	$ 2,956,298	$ 2,788,509
Consortia Contracts	877,785	762,732
Alberta Employment and Immigration	2,794,144	2,394,179
Other contracts	2,398,643	1,248,086
	$ 9,026,870	$ 7,193,506

Note 18 Ancillary Services

	2009				2008
	Campus Store	Rental Books	Other Ancillary	Total	Total
Revenue	$ 1,486,189	$ 651,797	$ 526,223	$ 2,664,209	$ 2,250,217
Expense (Note 20)	(1,191,954)	(402,257)	(306,468)	(1,900,679)	(1,451,229)
Net	294,235	249,541	219,755	763,530	798,988
Indirect expenses	(111,607)	(235,692)	(51,725)	(399,024)	(277,311)
Excess (Deficiency)	$ 182,628	$ 13,849	$ 168,029	$ 364,506	$ 521,678

Indirect expenses include estimates for the cost of use of space, facility operating costs, and institutional support. Other ancillary services include parking and external printing services.

Note 19 Interest Income

	2009	2008
Interest earnings	$ 802,692	$ 919,721
Add deferred amounts expended (Note 10)	37,565	20,027
Less amounts transferred to deferred contributions for scholarships and bursaries (Note 10)	(148,991)	(107,732)
Total interest income recognized as revenue	$ 691,266	$ 832,016

Note 20 Expense by Function

	2009	2008
Instruction	$ 23,232,155	$ 20,230,975
Academic support	13,160,659	10,832,418
Facilities operations and maintenance	11,176,592	7,261,001
Student services	5,328,392	4,977,818
Institutional support	8,127,304	7,877,997
Ancillary services (Note 18)	1,900,679	1,451,229
Computing, network and communications	4,656,073	3,686,172
Special purpose and trust	70,242	26,257
	$ 67,652,096	$ 56,343,867

Instruction encompasses all formal educational and instructional program elements.

Academic support includes all activities that directly support the educational and instructional elements such as academic administration, library and audio visual services.

Facilities operations and maintenance includes building maintenance, facilities administration, custodial services, utilities, repairs and renovations, capital amortization and other activities for the management of the facilities.

Student services includes all activities or services to the student body of the College.

Institutional support includes all activities that provide College-wide support to other programs and services.

Ancillary services include self supporting revenue producing services provided to students, faculty and staff.

Computing, network and communications includes activities and services that provide and support computing, networking, data communications and other information technology functions.

Special purpose and trust includes activities related to student assessment testing.

Note 21 Salaries, Wages and Benefits

The following information is prepared in accordance with Treasury Board Directive No. 12/98, as amended July 6, 2004, and only includes salary and benefit information for the Board and Senior Management:

	2009				2008
	Base Salary[1]	Other Cash Benefits[2]	Other Non-cash Benefits[3]	Total	Total
Chair of the Board	$ -	$ 5,040	$ 76	$ 5,116	$ 5,116
Board Members	-	21,625	57	21,682	21,541
President[4]	188,096	-	119,603	307,699	187,261
Vice President Academic	143,157	-	28,412	171,569	169,099
Vice President Corporate Services	142,092	-	28,348	170,440	160,444
Associate Vice President, Enrolment Management[5]	131,496	-	28,343	159,839	-
Director, Information and Technology	129,864	-	27,777	157,641	151,390
Dean of Student Services & Office of the Registrars[5]	-	-	-	-	143,992

1) Base Salary represents the actual salary expense and includes base pay and amounts deferred for future leave.

2) Other cash benefits include honoraria.

3) Other non-cash benefits include the College's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long-term disability plans, and professional memberships required for employment. Other non-cash benefits also includes accrued professional development leave for the President.

4) The value of other non-cash benefits reported for the President includes professional development leave accrued in 2009.

5) On April 1, 2009 the Dean of Student Services and Office of the Registrars accepted the newly created position of Associate Vice President Enrolment Management. The actual expense reported for the Associate Vice President Enrolment Management reflects the salary and benefits earned by the individual in both positions.

Note 22 Supplies and Services

	2009	2008
Supplies and services	$ 5,478,713	$ 4,437,624
Contracted services	4,746,480	3,093,728
Repairs and maintenance	1,819,404	1,373,703
Purchases for resale	1,023,379	842,574
Leases and rentals	2,793,320	2,028,911
Marketing	481,839	692,804
Telecommunications	493,568	247,275
Scholarships and bursaries	237,600	163,601
	$ 17,074,303	$ 12,880,220

Note 23 Commitments and Contingencies

Future minimum annual lease payments under operating leases and other commitments are:

2010	$ 2,978,214
2011	1,670,453
2012	1,547,201
2013	1,508,751
2014 and thereafter	1,182,501

Included in the above is a major contract to provide facility maintenance services. The contract is for the period July 1, 2007 to June 30, 2010. The total outstanding commitment under the contract at June 30, 2009 is $1,257,720.

Note 24 Related Parties

(a) Alberta Government and Alberta Post-Secondary Education Institutions

The College is a Provincial Corporation. All of the members of the Board of Governors are appointed pursuant to the Post Secondary Learning Act by a combination of orders by the Lieutenant Governor in Council or the Minister of Advanced Education & Technology. In accordance with the accounting policy described in Note 2 (g), the College accounts for all significant costs related to the services for which it is responsible.

In the normal course of operations, the College engages in brokerage and other collaborative arrangements with other post-secondary educational institutions in Alberta. These institutions are also Provincial Corporations.

The College had the following transactions with related parties:

	Alberta Government		Post Secondary Collaboration	
	2009	2008	2009	2008
Revenues:				
Grants and other provincial government contributions	$ 39,824,250	$ 33,090,945	$ -	$ -
Contract Programs	2,885,702	1,612,992	241,323	153,959
Amortization of deferred capital contributions	1,277,128	895,126	-	-
Other sales, services and rental income	34,768	-	10,987	12,000
	$ 44,021,848	$ 35,599,063	$ 252,310	$ 165,959
Expenses	$ 134,931	$ 210,541	$ 207,926	$ 349,155
Contributions in kind (Note 16)	215,093	215,094	-	-
	$ 350,024	$ 425,635	$ 207,926	$ 349,155
Accounts receivable	$ 723,275	$ 449,803	$ 170,095	$ 143,971
Accounts payable	$ 231	$ -	$ 6,166	$ -
Deferred capital contributions	$ 8,273,275	$ 7,412,617	$ -	$ -
Unamortized deferred capital contributions	$ 18,309,334	$ 16,320,320	$ -	$ -

Contributions in kind from the Alberta Government includes an estimate of the fair value of the lease payments of the buildings leased by the College from the Alberta Government at nominal or discounted amounts, and estimates of the fair value of courier and internet services.

Note 25 Budget

The Board of Governors approved the College's annual budget on May 11, 2008.

Note 26 Funds Held on Behalf of Others

The College provides accounting services to certain entities. The following funds, held by the College on their behalf, are not included in these financial statements:

	2009	2008
HCA Curriculum Evergreen	$ 888,410	$ -
NorQuest College Students' Association	518,266	442,168
Deferred Salary Leave Plan	1,488	27,224
Faculty Association	5,241	4,410
NorQuest College Staff Social Fund - Spirit Planners	4,703	1,373
NorQuest Committe for the Arts	10,941	8,409
Marine Biology	45	-
	$ 1,429,093	$ 483,584

Note 27 Comparative Figures

Certain comparative amounts have been reclassified where necessary to conform to the current year's financial statement presentation.

Note 28 Approval of Financial Statements

These financial statements were approved by the Board of Governors.

Northern Lakes College

Financial Statements

June 30, 2009

NORTHERN LAKES COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2009

Auditor's Report

To the Board of Governors of Northern Lakes College

I have audited the consolidated statement of financial position of Northern Lakes College (the College) as at June 30, 2009 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
October 27, 2009

NORTHERN LAKES COLLEGE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2009

	2009	2008
ASSETS		
Current:		
Cash and short term investments (Note 6)	$ 4,855,825	$ 8,356,520
Accounts receivable (Note 3)	1,920,120	936,273
Inventories (Note 4)	475,501	337,172
Prepaid expenses	184,900	55,691
	7,436,346	9,685,656
Non-current cash (Note 5)	245,054	793,730
Investments (Note 6)	8,991,328	4,296,562
Capital assets (Note 7)	31,790,022	29,300,559
	$48,462,750	$44,076,507
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 3,299,336	$ 2,419,236
Accrued vacation pay	2,157,402	2,119,077
Unearned revenue (Note 8)	2,400	2,673
Deferred contributions (Note 9)	4,008,436	3,711,014
Deferred capital contributions (Note 10)	427,433	427,433
Security deposits held	37,502	39,237
Equipment loan (Note 11)	-	26,408
	9,932,509	8,745,078
Unamortized deferred capital contributions (Note 12)	25,264,512	23,518,761
	35,197,021	32,263,839
Net assets:		
Accumulated net unrealized gains on investments	56,432	39,022
Unrestricted net assets	4,185,337	3,564,172
Invested in capital assets	6,525,511	5,781,798
Internally restricted net assets (Note 13)	1,012,192	1,012,442
Endowments	1,486,257	1,415,234
	13,265,729	11,812,668
	$48,462,750	$44,076,507

The accompanying notes are an integral part of these consolidated financial statements.

NORTHERN LAKES COLLEGE

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED JUNE 30, 2009

	2009		2008
	Budget (Note 24)	Actual	Actual
Revenue:			
Grants and provincial government contributions (Note 14)	$26,292,498	$28,458,618	$25,886,392
Tuition and related fees	4,998,485	4,906,796	4,196,419
Sales, rentals and services (Note 15)	1,670,168	1,775,595	1,560,972
Contract programs	1,000	245,204	585,679
Investment income (Note 16)	406,400	322,286	542,771
Donations and contributions	76,560	135,844	228,474
Miscellaneous	30,000	11,459	2,322
Amortization of deferred capital contributions (Note 12)	1,300,000	1,384,543	1,353,587
	34,775,111	37,240,345	34,356,616
Expense (Note 17):			
Salaries, wages and benefits (Note 18)	21,514,754	22,002,719	19,960,565
Supplies and services (Note 20)	7,642,337	8,368,575	8,152,213
Amortization	2,107,000	2,013,037	2,038,181
Utilities	1,221,385	1,059,009	940,414
Cost of goods sold	626,800	779,429	683,371
Travel	834,580	769,692	734,050
Facilities rental	451,750	460,946	414,172
Repairs and maintenance	301,260	327,509	379,694
Scholarships and bursaries	80,245	93,666	59,398
Loss (gain) on disposal of capital assets	(5,000)	885	(1,057)
	34,775,111	35,875,467	33,361,001
Excess of revenue over expense	$ -	$ 1,364,878	$ 995,615

NORTHERN LAKES COLLEGE

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2009

	2009						2008
	Endowments	Accumulated Net Unrealized Gain on Investments	Internally Restricted Net Assets (Note 13)	Invested in Capital Assets	Unrestricted	Total	Total
Excess of revenue over expense	$ -	$ -	$ -	$ -	$ 1,364,878	$ 1,364,878	$ 995,615
External endowment contributions	71,023	-	-	-	-	71,023	-
Transfers for:							
Internally restricted funds used	-	-	(250)	-	-	(250)	-
Increase in net unrealized gains on	-	17,410	-	-	-	17,410	-
investments	-	-	-	-	-	-	(36,519)
Acquisition of internally funded capital assets	-	-	-	1,419,044	(1,419,044)	-	-
Disposal of internally funded capital assets	-	-	-	(46,837)	46,837	-	-
Amortization of internally funded capital assets	-	-	-	(628,494)	628,494	-	-
Increase (decrease) in net assets	71,023	17,410	(250)	743,713	621,165	1,453,061	959,096
Net assets, beginning of year	1,415,234	39,022	1,012,442	5,781,798	3,564,172	11,812,668	10,853,572
Net assets, end of year	$ 1,486,257	$ 56,432	$ 1,012,192	$ 6,525,511	$ 4,185,337	$13,265,729	$ 11,812,668

NORTHERN LAKES COLLEGE

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2009

	2009	2008
Cash generated from (used by):		
Operating activities:		
Excess of revenue over expense	$ 1,364,878	$ 995,615
Non-cash transactions		
Amortization of deferred capital contributions	(1,384,543)	(1,353,587)
Amortization of capital assets	2,013,037	2,038,181
Loss (gain) on disposal of capital assets	885	(1,057)
	1,994,257	1,679,152
Changes in non-cash working capital (Note 19)	(37,546)	710,702
Cash generated from operating activities	1,956,711	2,389,854
Investing activities:		
Net sales (purchases) of investments	(4,677,353)	112,782
Net decrease in non-current cash	548,676	433,927
Acquisition of capital assets	(4,550,358)	(1,443,813)
Proceeds on disposal of capital assets	45,951	25,183
Cash applied to investing activities	(8,633,084)	(871,921)
Financing activities:		
Equipment loan	(26,408)	(35,224)
Internally restricted funds used	(250)	-
Endowment contributions	71,023	-
Capital contributions received (Note 10)	3,131,313	672,353
Cash generated from financing activities	3,175,678	637,129
(Decrease) increase in cash	(3,500,695)	2,155,062
Cash and short-term investments at beginning of year	8,356,520	6,201,458
Cash and short-term investments at end of year	$ 4,855,825	$ 8,356,520

NORTHERN LAKES COLLEGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2009

Note 1 Authority and Purpose

Northern Lakes College (the "College") was established as a public college on May 14, 1997 by the Lieutenant Governor in Council. The College operates under the authority of the *Post-Secondary Learning Act, Chapter P-19.5, Statues of Alberta, 2003.* The College is a registered charity and is exempt from the payment of income taxes under section 149 of the Income Tax Act.

Serving primarily communities in north central Alberta, the College provides quality educational programs and services which enable adults to continue their education, to improve their employment opportunities, and to enhance their quality of life. The College accomplishes its mission and mandate for services through: direct and distance delivered programs and courses; numerous credit and non-credit offerings; brokerage and collaborative arrangements; partnerships with business, industry, institutions and agencies; a structured network of community involvement in needs definition, student and staff selection, and assessment of College effectiveness; and use of technology to provide affordable and accessible programs and services to a wide geographic area.

Note 2 Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation and Use of Estimates

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the accounts of the College and the Council of Community Education Committees Society of Northern Lakes College (the "CCEC"). CCEC is a registered charitable organization for income tax purposes.

The CCEC acts as a partner with the College reviewing, monitoring and advising on college service priorities in addition to operating and managing numerous programs and courses. The CCEC is made up of 24 education committees representing numerous community agencies and organizations in north central Alberta.

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(b) Capital Disclosure

Effective July 1, 2008 the College adopted CICA Handbook Section 1535, Capital Disclosures. The new standard requires an entity to disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital.

The College defines its capital as the amounts included in deferred contributions (note 9), deferred capital contributions (note 10), endowment net assets and unrestricted net assets.

Northern Lakes College's objective for managing capital is:

- In the short-term to safeguard the College's financial ability to continue to deliver post-secondary educational services; and
- In the long-term, to plan and to build sufficient physical capacity to meet future needs for post-secondary educational services.

Capital is managed in a variety of ways. A significant portion of the College's capital is externally restricted and the College's unrestricted capital is funded primarily by management practices that lead to a yearly surplus. The College has an investment policy (note 6) to limit risk and provide external expertise. Under the Post-Secondary Learning Act, the College must receive ministerial approval for a deficit budget, borrowing and the sale of any land or buildings.

(c) Revenue Recognition

(i) Unrestricted Contributions

Unrestricted operating grants and contributions are recognized as revenue in the period when receivable.

(ii) Restricted Contributions

Externally restricted non-capital grants and contributions are deferred and recognized as revenue in the period when related expenses are incurred.

Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized deferred capital contributions. Unamortized deferred capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

Restricted contributions for the purchase of capital assets which will not be amortized are recorded as direct increases in net assets.

Externally restricted contributions for endowment purposes are not recognized as revenue, but are recorded as direct increases in net assets.

(iii) Investment Income

Unrestricted investment income is recognized in the year it is earned.

Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the period the related expenses are incurred.

(iv) Donations

Donations and contributions in-kind are recorded at fair value when such value can reasonably be determined.

(v) Program Delivery

Revenue from tuition fees, education contract programs and sale of goods and services is recognized as revenue in the period in which the goods are delivered or the services are provided.

Revenue from long-term education contracts is determined on the percentage of completion method. Provision is made for all anticipated losses as soon as they become evident.

(d) Inventories

Inventories for resale are valued at the lower of cost or net realizable value, with cost determined on a moving average basis.

(e) Capital Assets and Collections

Capital assets are recorded at cost, except donated assets which are recorded at fair value, when fair value is reasonably determinable.

Capital assets, except projects in progress which are amortized upon completion, are amortized on a straight-line basis over the following estimated average useful lives:

Buildings and site improvements	10 - 40 years
Telecommunications equipment	5 - 10 years
Furniture and equipment	5 - 10 years
Heavy equipment	5 - 10 years
Vehicles	5 years
Library holdings	2 - 10 years
Curriculum development	5 years
Computer equipment and software	5 years

Leasehold improvements are amortized over the remaining term of the lease.

Museum Collections are recorded at cost and are not amortized.

(f) Employee Future Benefits

The College participates in the Province of Alberta's Public Service and the Management Employees Pension Plans. These pension plans are multi-employer defined benefit plans that provide pensions for the College's participating employees, based on years of service and earnings.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the Public Service and the Management Employees Pension Plans. The College's portion of the pension plans' deficit or surplus is not recorded by the College.

(g) Financial Instruments

The fair values of the College's cash and short term investments, accounts receivable, accounts payable, accrued liabilities, and accrued liabilities and security deposits approximate their carrying values due to the relatively short period to maturity of these instruments and are valued in accordance with the methods as described in Note 2 (b).

Northern Lakes College does not use hedge accounting and does not apply the standards for embedded derivatives (elements of contracts whose cash flows move independently from the host contract) in non-financial contracts.

Financial assets classified as available-for-sale are measured at fair value with changes in fair values recognized in the Consolidated Statement of Changes in Net Assets until realized, at which time the cumulative changes in fair value are recognized in the Consolidated Statement of Operations.

Upon implementation of the new standards, Northern Lakes College has classified its significant financial assets and financial liabilities as follows:

(i) Cash is classified as held-for-trading, and is recorded at fair value with changes in fair value recorded through the excess of revenue over expenses in each period.

(ii) Long term and short term investments are classified as available-for-sale, and are measured at fair value with subsequent gains or losses included in net assets until the asset is removed from the consolidated statement of financial position.

(iii) Accounts receivable and contributions receivable are classified as loans and receivables. After initial fair value measurement, they are measured at amortized cost.

(iv) Accounts payable, accrued liabilities and employee benefit liabilities are classified as other financial liabilities. After initial fair value measurement, they are measured at amortized cost.

Financial instruments of the College are exposed to credit risk, interest rate risk and market risks. The College's accounts receivable are due from a diverse group of customers and are subject to normal credit risk. The interest rate risk is the risk to the College's earnings that arises from the fluctuations in interest rates and the degree of volatility of these rates. The market rate risk is the risk to the College's earnings that arises from the fluctuation and the degree of volatility in the market value of long-term and short- term investments. Each of these risks is limited through the College's collection procedures, investment guidelines and other internal policies, guidelines and procedures.

(h) Fixed income and marketable equity securities

Fixed income and marketable equity securities are classified as available-for-sale (investments held for long-term capital appreciation and generation of income), and are measured at fair value at each reporting date. The College utilizes trade-date accounting for all purchases and sales of financial assets in its investment portfolio. Fixed income securities are initially recognized at acquisition cost, which reflects any premium or discount at date of purchase, and carried at fair value. Marketable equity securities are also initially recognized at acquisition cost, and subsequently measured at fair value. Transaction costs are expensed as incurred.

Note 3 Accounts Receivable

Accounts receivable are comprised of:

	2009	2008
Grants receivable	$ 979,821	$ 93,218
Accrued interest receivable	76,261	66,561
Loan receivable	22,392	21,999
Other accounts receivable	841,646	754,495
	$ 1,920,120	$ 936,273

Note 4 Inventories

Inventories for resale are valued at the lower of cost or net realizable value, with cost determined on a moving average basis.

	June 30, 2009	June 30, 2008
Book Distribution Centre	$ 409,901	$ 300,464
Other Inventories	65,600	36,708
	$ 475,501	$ 337,172

Note 5 Non-current Cash

Non-current cash consists of amounts related to:

	June 30, 2009	June 30, 2008
Non-current cash held by College	$ 120,130	$ 484,322
Endowments	124,924	309,408
	$ 245,054	$ 793,730

Cash restricted for endowment purposes represents restricted contributions subject to stipulations specifying that the principal be maintained permanently, although the constituent assets may change from time to time. Investment earnings are to be used for purposes as designated by the contributors. Endowment balance includes an endowment of $5,000 established by the Board of Governors for scholarships.

Note 6 Cash, Short-term and Long-term Investments

Cash includes a trust bank account operated by the College for the purpose of distributing monthly living allowances to students funded by the Student Finance branch of Alberta Advanced Education and Technology. The balance in this account as of June 30, 2009 is $95,841 of which $10,000 belongs to the College.

Short-term investments and long-term investments are recorded at market value, with unrealized gains or losses recorded in net assets. Market value is based upon the quoted market price of the securities.

The College's investment policy is dedicated to optimizing the return on investment while ensuring that the assets of the College are at all times prudently invested while minimizing the potential for loss of capital.

Specific guidelines have been established with respect to asset mix, diversification, security, and performance measurement as well as quality, liquidity and term constraints.

In accordance with the College's investment policy, risk on all investments is managed by:

(i) Requiring that all bonds be rated "A" or better by the Dominion Bond Rating Service or an equivalent recognized rating agency.

(ii) Holding a diversified selection of equities in pooled funds and limiting exposure to 30% of the total investment portfolio.

(iii) Limiting investment in foreign equities in third party managed pooled equity funds that must not include emerging markets.

Investments are comprised of:

	2009			2008	
	Cost	Unrealized Gain/Loss	Market Value	Cost	Market Value
Short-term Investments					
Federal guaranteed bonds	$ 414,507	$ 6,984	$ 421,491	$ 1,365,654	$ 1,371,059
Corporate bonds	199,921	4,201	204,122	199,836	200,360
	$ 614,428	$ 11,185	$ 625,613	$ 1,565,490	$ 1,571,419
Long-term Investments					
Cash held by investment manager	$ 245,054	$ -	$ 245,054	$ 793,730	$ 793,730
Federal guaranteed bonds	835,433	43,752	879,185	1,248,361	1,260,817
Provincial guaranteed bonds	1,770,021	61,484	1,831,505	1,423,890	1,428,710
Corporate bonds	2,361,547	103,304	2,464,851	401,852	400,256
Pooled Equities	2,364,116	(198,330)	2,165,786	1,180,000	1,206,779
Money Market	1,650,000	-	1,650,000	-	-
	$ 9,226,171	$ 10,210	$ 9,236,381	$ 5,047,833	$ 5,090,292
Total	$ 9,840,599	$ 21,395	$ 9,861,994	$ 6,613,323	$ 6,661,711

The terms of the bond portfolio range from 1 year to 8.5 years with an average term to maturity of 4.5 years.
The average effective yield on the bond portfolio is 4.43% (2008- 4.12%)
Short term investments are included in the cash and short term investment balance of $4,855,825 under current assets. The unrealized gain of $21,395 consists of a gain of $56,432 in investments and a loss of $35,037 in endowments.

Note 7 Capital Assets

	June 30, 2009			June 30, 2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings and site improvements	$ 32,959,959	$ 9,292,261	$ 23,667,698	$ 24,052,557
Telecommunication equipment	1,060,193	480,652	579,541	817,173
Furniture and equipment	1,787,313	1,116,736	670,577	713,456
Heavy equipment	630,069	154,223	475,846	18,976
Vehicles and capital leases	926,717	593,052	333,665	239,060
Library holdings	1,382,854	1,008,991	373,863	370,374
Curriculum development	1,279,081	1,137,125	141,956	229,980
Computer equipment and software	3,184,420	2,770,645	413,775	291,127
Leasehold improvements	475,399	304,042	171,357	197,652
Museum collections	109,575	-	109,575	109,575
Land	1,244,080	-	1,244,080	1,244,080
Projects in progress	3,608,089	-	3,608,089	1,016,549
	$ 48,647,749	$ 16,857,727	$ 31,790,022	$ 29,300,559

The museum collection also consists of aboriginal artifacts gifted to the College that are recorded at $Nil. The appraised value of this collection as at July 15, 2008 was $279,931.

Note 8 Unearned Revenue

	June 30, 2009	June 30, 2008
Tuition Fees	$ -	$ 273
Ancillary programs	2,400	2,400
	$ 2,400	$ 2,673

Note 9 Deferred Contributions

	June 30, 2009	June 30, 2008
Balance at beginning of year	$ 3,701,648	$ 4,206,557
Restricted contributions received during the year:		
Conditional grants	6,901,281	2,593,416
Donations and contributions	200,768	281,570
Investment income (Note 16)	64,129	91,474
	10,867,826	7,173,017
Transferred to:		
Grant revenue (Note 14)	(3,578,374)	(2,499,032)
Donation revenue	(98,966)	(214,159)
Investment income (Note 16)	(15,700)	(85,825)
Deferred capital contributions (Note 10)	(3,131,313)	(672,353)
	4,043,473	3,701,648
Deferred contributions relating to unrealized gain on investments:		
Unrealized gain on investments, beginning of year	9,366	12,425
Change in unrealized gain on investments relating to endowments	(44,403)	(3,059)
	(35,037)	9,366
Balance at end of year	$ 4,008,436	$ 3,711,014

Unspent amounts at end of year are restricted for:

	June 30, 2009	June 30, 2008
Infrastructure Renewal	$ 2,546,280	$ 1,808,567
Slave Lake Pool	216,280	210,934
Student Awards and Scholarships	308,340	288,782
Program Enhancement	749,552	1,280,444
Staff Development	27,176	25,602
Alberta North Projects	18,287	43,002
Museum	16,605	13,896
Other	160,953	30,421
Unrealized gain (loss) on investments allocated to endowments	(35,037)	9,366
	$ 4,008,436	$ 3,711,014

Note 10 Deferred Capital Contributions

	June 30, 2009	June 30, 2008
Balance at beginning of year	$ 427,433	$ 1,179
Contributions received during the year:		
Transfers from deferred contributions (Note 9)	3,131,313	672,353
Transferred to:		
Unamortized deferred capital contributions (Note 12)	(3,131,313)	(246,099)
Balance at end of year	$ 427,433	$ 427,433

Unspent amounts at end of year are restricted for:

	June 30, 2009	June 30, 2008
Infrastructure renewal	$ 426,254	$ 426,254
Historical building restoration project	1,179	1,179
	$ 427,433	$ 427,433

Note 11 Equipment Loan

In July 2003, the College borrowed the sum of $176,108 from Caterpillar Financial Services Limited for the purchase of a Harvester Simulator with a current NBV of $ Nil. The loan is secured by a charge on this equipment, bears interest at TD Trust prime plus 0.75% and matured March 30, 2009. During the year principal payments amounted to $26,408.

Note 12 Unamortized Deferred Capital Contributions

Unamortized deferred capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2 (c) (ii). The balance at end of year represents external capital contributions that will be recognized as revenue in future periods.

	June 30, 2009	June 30, 2008
Balance at beginning of year	$ 23,518,761	$ 24,631,188
Add amount transferred from deferred capital contributions (Note 10)	3,131,313	246,099
Less capital asset disposals	(1,019)	(4,939)
Less amount amortized to revenue	(1,384,543)	(1,353,587)
Balance at end of year	$ 25,264,512	$ 23,518,761

Note 13 Net Assets Internally Restricted by the Board

The Board has committed unrestricted net assets as follows:

	June 30, 2009	June 30, 2008
Operations:		
Scholarships and bursaries	$ 12,192	$ 12,442
Capital:		
Trout/Peerless campus	1,000,000	1,000,000
	$ 1,012,192	$ 1,012,442

Note 14 Grants and Provincial Government Contributions

	June 30, 2009	June 30, 2008
Unrestricted:		
Alberta Advanced Education and Technology:		
Base operating grant	$ 24,880,244	$ 23,362,269
Museum grants	-	25,091
	24,880,244	23,387,360
Transferred from Deferred Contributions (Note 9):		
Alberta Advanced Education and Technology:		
Access grants	1,300,545	832,379
Conditional grants	1,494,924	461,369
High Speed Internet grant	153,366	153,366
Facilities grants	615,466	938,369
Other grants	14,073	113,549
	3,578,374	2,499,032
	$ 28,458,618	$ 25,886,392

Note 15 Sales, Rentals and Services

	June 30, 2009				June 30, 2008
	Bookstores	Housing	Other	Total	Total
Sales, rentals and services	$ 944,387	$ 204,561	$ 626,647	$ 1,775,595	$ 1,560,972
Add: Amortization of deferred capital contributions	5,367	147,047	-	152,414	140,817
Total revenue	949,754	351,608	626,647	1,928,009	1,701,789
Expense (Note 17)	(855,522)	(586,015)	(73,942)	(1,515,479)	(1,365,753)
Excess (deficiency) of revenue over expense	$ 94,232	$ (234,407)	$ 552,705	$ 412,530	$ 336,036

Other revenues in the amount of $626,647 (2008 - $555,612) represent service contract revenue, rental income, sale of curriculum and other miscellaneous revenue.

Note 16 Investment Income

	June 30, 2009	June 30, 2008
Investment earnings- restricted	64,129	91,474
Investment earnings- unrestricted	306,586	456,946
Add amounts transferred from deferred contributions (Note 9)	15,700	85,825
Less amounts transferred to deferred contributions (Note 9)	(64,129)	(91,474)
Total investment income recognized as revenue	$ 322,286	$ 542,771

Note 17 Expense by Function

	June 30, 2009	June 30, 2008
Instruction	$ 13,342,680	$ 12,258,866
Facilities operations and maintenance	6,850,071	6,503,258
Academic support	5,069,926	4,623,072
Institutional support	4,133,999	4,134,024
Student services	3,011,255	2,680,096
Computing, network and communications	1,952,057	1,795,932
Sales, rentals and services (Note 15)	1,515,479	1,365,753
	$ 35,875,467	$ 33,361,001

Instruction encompasses all formal educational and instructional program elements. Academic support includes all activities that directly support the educational and instructional elements such as academic administration, library and audio visual services. Student services include all activities or services to the student body of the institution. Institutional support includes all activities that provide institution-wide support to other programs.

Note 18 Salaries, Wages and Benefits

The salary and benefit disclosure is provided pursuant to Treasury Board Directive 04/07 and includes only the salaries and benefits of those individuals in the senior decision making group of the College.

	2009				2008
	Base Salary[1]	Other Cash Benefits[2]	Other Non-cash Benefits[3]	Total	Total
Board of Governors	$ 32,252	$ -	$ 628	$ 32,880	$ 36,608
President and CEO [4]	146,916	52,753	28,074	227,743	165,074
Vice-President					
Academic	121,260	1,200	26,722	149,182	143,371
College Services	120,920	-	27,640	148,560	143,460
Dean:					
Academic Upgrading	110,465	-	25,896	136,361	127,153
University and Health Professions	112,228	739	26,566	139,533	130,483
Business, Industry & Human Service Careers	121,763	431	27,693	149,887	142,298
Student Services	117,912	1,010	24,921	143,843	134,529
Senior Director:					
Finance Services	105,528	980	25,309	131,817	127,353
External Relations	105,030	755	25,231	131,016	104,526

(1) Base salary includes pensionable base pay, except for the President and Board who are not subject to pension benefits.

(2) Other cash benefits include wellness pay-outs, health spending accounts, vacation payments and lump sum payments.

(3) Other non-cash benefits include the College's share of all employee benefits including Canada Pension Plan, Employment Insurance, pensions, health care, dental coverage, group life insurance, and accidental death and dismemberment insurance and any cash disbursements with respect to vehicle allowances.

(4) The President and CEO has been provided with an automobile by the College for which no amount is included in the other non-cash benefits.

Note 19 Changes in Non-cash Working Capital

	June 30, 2009	June 30, 2008
Accounts receivable	$ (983,847)	$ (54,651)
Inventories	(138,329)	(129,095)
Prepaid expenses	(129,209)	56,551
Accounts payable and accrued liabilities	880,100	1,283,422
Accrued vacation pay	38,325	87,472
Unearned revenue	(273)	(43,846)
Deferred contributions	297,422	(495,543)
Security deposits held	(1,735)	6,392
	$ (37,546)	$ 710,702

Note 20 Supplies and Services

	June 30, 2009	June 30, 2008
Supplies and services	$ 1,416,020	$ 1,318,339
Contracted services	1,810,582	2,461,299
Leases and rentals	525,827	416,364
Advertising and marketing	612,112	531,450
Materials and supplies	2,304,324	1,519,491
Educational contracts	1,699,710	1,905,270
	$ 8,368,575	$ 8,152,213

Note 21 Funds held on Behalf of Others

The following funds, held by the College on the behalf of others, are not included in these financial statements.

	June 30, 2009	June 30, 2008
Northern Alberta Development Council	$ 51,505	$ 30,465
Other funds held	21,169	35,828
Alberta Advanced Education and Technology	85,841	9,596
	$ 158,515	$ 75,889

Note 22 Commitments

Future minimum annual lease payments under operating leases are:

2010	$ 544,641
2011	448,943
2012	394,884
2013	286,201
2014	251,236
	$ 1,925,905

Note 23 Related Parties

(i) Alberta Government and Alberta Post-Secondary Education Institutions

The College is a Provincial Corporation. All of the members of the Board of Governors are appointed pursuant to the *Post Secondary Learning Act* by a combination of orders by the Lieutenant Governor in Council or the Minister of Advanced Education and Technology.

In the normal course of operations, the College engages in brokerage and other collaborative arrangements with other post secondary educational institutions in Alberta. These institutions are also Provincial Corporations.

The College had the following transactions with related parties:

	Alberta Government		Post Secondary Collaboration	
	2009	2008	2009	2008
Revenues:				
Grants and other provincial government contributions	$ 28,471,553	$ 25,841,689	$ -	$ -
Contract Programs	233,810	406,160		30,369
Amortization of deferred capital contributions	1,384,492	1,353,380	-	-
Other sales, services and rental income	397,358	274,573	-	2,358
Expenses	77,788	94,865	621,707	875,251
Accounts receivable	409,547	288,544	4,659	24,469
Accounts payable	72,047	-	173,318	458,412
Deferred contributions	3,788,469	3,044,524	-	-
Unamortized deferred capital contributions	25,310,826	23,565,024	-	-

(ii) On December 18, 1998, the Lieutenant Governor in Council approved the establishment of a corporation, to be owned equally by Northern Lakes College, Portage College, NorQuest College and Bow Valley College. On February 10, 1999, 818196 Alberta Ltd. was incorporated pursuant to the *Alberta Business Corporations Act.*

The Corporation was created for the purpose of holding jointly developed intellectual property to be transferred from Her Majesty the Queen in Right of the Province of Alberta as represented by the Minister of Advanced Education and Technology. As at June 30, 2009 this Corporation was not active and held no assets.

(iii) The College participates in offering certain courses with other Alberta post secondary education institutions. The revenues and expenses incurred for these courses have been included in the consolidated statement of operations at fair value.

Note 24 Budget

The College is required to submit a budget, approved by the Board of Governors of the College, to the Minister of Alberta Advanced Education and Technology. The College Budget for the year ended June 30, 2009 was approved by the Board of Governors on April 15, 2008. The budget for CCEC was approved on October 23, 2008 by the CCEC Board.

	2009			
	College Approved Budget	CCEC Approved Budget	Elimination for Consolidation	Total Budget
Revenue:				
Grants	$ 26,165,198	$ 225,300	$ (98,000)	$ 26,292,498
Tuition and related fees	4,998,485	-	-	4,998,485
Sales, rentals and services	1,663,268	6,900	-	1,670,168
Contract programs	1,000	-	-	1,000
Investment income	397,200	9,200	-	406,400
Donations and contributions	30,600	251,063	(205,103)	76,560
Miscellaneous	30,000	-	-	30,000
Amortization of deferred capital contributions	1,300,000	-	-	1,300,000
	34,585,751	492,463	(303,103)	34,775,111
Expense:				
Salaries, wages and benefits	21,514,754	152,053	(152,053)	21,514,754
Supplies and services	7,508,302	257,085	(123,050)	7,642,337
Amortization	2,100,000	7,000	-	2,107,000
Utilities	1,221,385	-	-	1,221,385
Facilities rental	451,750	-	-	451,750
Cost of goods sold	624,300	2,500	-	626,800
Travel	823,700	38,880	(28,000)	834,580
Repairs and maintenance	301,260	-	-	301,260
Scholarships and bursaries	45,300	34,945	-	80,245
Gain on disposal of capital assets	(5,000)	-	-	(5,000)
	34,585,751	492,463	(303,103)	34,775,111
Excess (deficiency) of revenue over expense	$ -	$ -	$ -	$ -

Note 25 Pension Costs

The College participates in the multi-employer Management Employees Pension Plan and Public Service Pension Plan. The expense for these pension plans is equivalent to the annual contributions of $1,426,618 for the year ended June 30, 2009 (2008 - $1,310,981).

At December 31, 2008, the Public Service Pension Plan reported a deficiency of $1,187,538,000 (2007 - deficiency of $92,509,000).

At December 31, 2008, the Management Employees Pension Plan reported a deficiency of $568,574,000 (2007 - deficiency of $84,341,000).

Note 26 Comparative Figures

Certain comparative amounts have been reclassified where necessary to conform to the current year's financial statement presentation.

Note 27 Subsequent Event

On May 14, 2008, the Minister of Alberta Advanced Education and Technology announced changes to post-secondary academic program delivery and stewardship for students in northwest Alberta. When the transition is complete, learners in the northwest Alberta region will be served by shared stewardship between Grande Prairie Regional College and Northern Lakes College.

Certain assets, liabilities, net assets, revenue and expenses of Northern Alberta Institute of Technology (NAIT) will be transferred to Northern Lakes College effective the date of the transition, July 1, 2009. The June 30, 2009 assets, liabilities and net assets of NAIT will be transferred as follows:

ASSETS	
Current:	
Cash and short-term investments	$ 770,006
Inventories	104
Prepaid expenses	1,092
	771,202
Capital Assets	1,239,112
	$ 2,010,314
LIABILITIES AND NET ASSETS	
Current:	
Accrued vacation pay	$ 63,424
Unearned revenue	4,541
Deferred contributions	75,478
	143,443
Unamortized deferred capital contributions	506,329
	649,772
Net Assets:	
Invested in capital assets	732,783
Unrestricted net assets	
Accumulated excess of revenue over expenses	500,000
Endowments	127,759
	$ 2,010,314

Note 28 Contingent Liabilities

The College has been named as the defendant in a legal claim (2008- 2 claims). While the outcome of this claim cannot be predicted at this time, it is the opinion of management that the resolution of this claim will not have a material effect on the financial statements of the College, and has not been reflected in these statements.

Note 29 Approval of Financial Statements

These financial statements were approved by the Board of Governors on October 27, 2009.

Olds College

Financial Statements

June 30, 2009

OLDS COLLEGE

FINANCIAL STATEMENTS

Auditor's Report

To the Board of Governors of Olds College

I have audited the statement of financial position of Olds College as at June 30, 2009 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
October 16, 2009

STATEMENT OF FINANCIAL POSITION

OLDS COLLEGE

AT JUNE 30, 2009

	2009	2008
ASSETS		
Current		
Cash and short term investments (Note 3)	$ 9,829,001	$ 1,046,039
Accounts receivable (Note 4)	3,439,166	3,503,996
Prepaid expenses	849,403	280,314
Inventories (Note 5)	456,963	468,414
	14,574,533	5,298,763
Long term contributions receivable (Note 6)	470,000	-
Investments (Note 3)	22,850,135	45,077,571
Capital assets (Note 7)	60,638,276	46,986,116
	$ 98,532,944	$ 97,362,450
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	$ 8,775,395	$ 12,620,207
Current portion of long-term obligations (Note 8)	211,147	193,941
Unearned revenue (Note 9)	1,913,621	1,660,072
Deferred contributions (Note 10)	5,337,132	5,040,823
Accrued vacation pay	2,228,315	2,171,843
	18,465,610	21,686,886
Deferred capital contributions (Note 10)	11,177,501	19,720,699
Long-term obligations (Note 8)	2,883,643	3,094,790
Unamortized deferred capital contributions (Note 11)	49,733,377	35,634,351
	82,260,131	80,136,726
Net assets		
Unrestricted net assets	667,195	1,351,436
Internally restricted (Note 12)	405,865	761,927
Invested in capital assets	7,810,110	8,063,038
Endowments (Note 13)	7,389,643	7,049,323
	16,272,813	17,225,724
	$ 98,532,944	$ 97,362,450

---- The accompanying notes are part of these financial statements. ----

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2009

OLDS COLLEGE

	2009 Budget (Note 24)	2009 Actual	2008 Actual
Revenue			
Grants, Province of Alberta (Note 21)	$ 24,308,821	$ 24,746,359	$ 23,176,228
Other grants and training contracts	2,538,118	2,743,382	2,641,511
Tuition and related fees	6,293,307	6,004,181	5,938,618
Sales, rentals and other services (Note 14)	5,800,429	6,074,407	5,988,252
Investment earnings (Note 15)	408,350	-	1,137,517
Donations	592,000	1,508,652	1,150,131
Amortization of deferred capital contributions	2,050,000	1,819,675	1,725,494
Gain on disposal of capital assets	-	-	2,376
	41,991,025	42,896,656	41,760,127
Expense			
Salaries and benefits (Note 17)	26,602,151	25,848,460	25,763,723
Supplies and services	7,952,652	9,647,234	8,586,011
Scholarships and bursaries	230,417	419,380	341,797
Cost of goods sold	2,105,957	2,460,346	2,118,607
Utilities	1,604,848	1,419,677	1,573,700
Amortization of capital assets	3,495,000	3,201,294	3,089,934
Loss on investments - net (Note 15)	-	1,188,523	
Loss on disposal of capital assets	-	4,973	-
	41,991,025	44,189,887	41,473,772
Excess (deficiency) of revenue over expense	$ -	$ (1,293,231)	$ 286,355

---- The accompanying notes are part of these financial statements. ----

STATEMENT OF CHANGES IN NET ASSETS **OLDS COLLEGE**

FOR THE YEAR ENDED JUNE 30, 2009

	2009					2008
	Unrestricted Net Assets	Internally Restricted Net Assets (Note 12)	Investment in Capital Assets (Note 7)	Endowments (Note 13)	Total Net Assets	Total Net Assets
Excess (deficiency) of revenue over expense	$ (1,293,231)	$ -	$ -	$ -	$ (1,293,231)	$ 286,355
Endowments contributions	-	-	-	389,557	389,557	742,398
Recapitalized endowment earnings (loss)	-	-	-	(49,237)	(49,237)	28,753
Board restrictions	356,062	(356,062)	-	-	-	-
Internally funded:						
Acquisition of capital assets	(941,840)	-	941,840	-	-	-
Repayment of long-term debt	(193,941)	-	193,941	-	-	-
Disposal of internal capital assets	5,470	-	(5,470)	-	-	-
Amortization of capital assets	1,383,239	-	(1,383,239)	-	-	-
Increase (decrease) in net assets	(684,241)	(356,062)	(252,928)	340,320	(952,911)	1,057,506
Net asset balance, beginning of year	1,351,436	761,927	8,063,038	7,049,323	17,225,724	16,168,218
Net asset balance, end of year	$ 667,195	$ 405,865	$ 7,810,110	$ 7,389,643	$ 16,272,813	$ 17,225,724

---- The accompanying notes are part of these financial statements. ----

STATEMENT OF CASH FLOWS

OLDS COLLEGE

FOR THE YEAR ENDED JUNE 30, 2009

	2009	2008
Operating activities		
Excess (deficiency) of revenue over expense	$ (1,293,231)	$ 286,355
Add (subtract) non cash items in operating activities		
Amortization of deferred capital contributions	(1,819,675)	(1,725,494)
Amortization of capital assets	3,201,294	3,089,934
Unrealized loss (gain) on financial instruments (Note 2)	410,771	(197,640)
(Gain) loss on disposal of capital assets	4,973	(2,376)
	504,132	1,450,779
Net change in non-cash working capital (Note 18)	(3,731,291)	11,176,138
Cash flow from operating activities	(3,227,159)	12,626,917
Investing activities		
Sale (purchase) of long-term investments, net	21,816,665	(13,499,775)
Purchase of externally funded capital assets	(15,893,925)	(16,236,508)
Purchase of internally funded capital assets	(941,840)	(916,282)
Proceeds from disposal of capital assets	2,116	2,376
Cash applied to investing activities	4,983,016	(30,650,189)
Financing activities		
Increase in contributions receivable	(470,000)	-
Repayment of long-term debt	(193,941)	(187,069)
Capital contributions received	7,350,726	17,039,486
Increase in endowment principal	340,320	771,151
Cash generated from financing activities	7,027,105	17,623,568
Decrease in cash and short term investments	8,782,962	(399,704)
Cash and short term investments, beginning of year	1,046,039	1,445,743
Cash and short term investments, end of year	$ 9,829,001	$ 1,046,039

---- The accompanying notes are part of these financial statements. ----

Note 1 Authority

Olds College (the College) operates under the *Post-secondary Learning Act* of the Province of Alberta.

The College is a public institution preparing individuals for business management, production and technical careers in agriculture, horticulture and land management. In addition to granting diplomas and certificates, the College offers other programs in a variety of formats for the learning needs of the greater community.

The College is a registered charity and is exempt from payment of income tax under Section 149 of the *Income Tax Act* of Canada.

Note 2 Significant Accounting Policies

(a) General and Use of Estimates

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these financial statements requires the use of estimates, which may vary from actual results. Such estimates have been made using judgments determined by management. In management's opinion, the resulting estimates are within reasonable limits of materiality and are in accordance with the significant accounting policies summarized below.

(b) Financial Instruments

Olds College has classified significant financial assets and liabilities as follows:

- Cash, short term and long term investments are classified as held for trading and initially recorded cost and measured at fair market value for reporting purposes. Olds College uses the settlement date for purchases and sales of investments. All costs associated with the purchase and sale of investments are expensed when incurred. Gains and losses are reflected in investment income or deferred contributions based on the classification of the cash or investment principle to which the gain or loss was generated.
- Accounts receivable are classified as loans and receivables and measured at amortized cost.

Note 2 **Significant Accounting Policies (continued)**

(b) Financial Instruments (continued)

- Accounts payable and accrued liabilities are classified as other financial liabilities and measured at amortized cost.

As a not-for-profit organization, Olds College has elected to not apply the standards for embedded derivatives in non-financial contracts.

Financial instruments at Olds College are exposed to credit, currency, interest rate and market risk. Credit risk is the probability of collecting monies owed. Currency risk is the exposure to fluctuations in the value of foreign currency held by Olds College. Interest rate risk is a risk that result from changes interest rates. Market risk arises from fluctuations and volatility in the market value of long-term investments.

Olds College has credit and investment policies in place to minimize the impact of the above noted risks on earnings.

(c) Inventories

Inventories held for resale are valued using the first in first out method at the lower of cost and net realizable value. Livestock and feed inventory is valued at net realizable value.

(d) Capital Assets

The Province of Alberta, Department of Infrastructure and Transportation transferred land, certain buildings and renovations to the College. The land is recorded at April 1978 fair value and the buildings and renovations and certain library materials are recorded at April 1978 depreciated replacement cost as determined by an independent appraisal. The Province of Alberta has been granted an option to purchase the whole or any part of the transferred land, buildings, and renovations for $1 per purchase.

Capital assets are recorded at cost. Donated capital assets are recorded at approximate fair value when a fair value can be reasonably determined. Capital assets, once placed into service, are amortized on a straight-line basis over the following estimated useful lives:

Site improvements	10-40 years
Buildings	15-40 years
Leasehold Improvements	25 years
Furnishings, equipment and computer hardware	2-15 years

Note 2 Significant Accounting Policies (continued)

(e) Revenue Recognition

Revenue is recognized at the following times:

- Revenues for tuition fees, services and products - when services or products are delivered
- Operating grants - in period receivable or, where a portion of the grant relates to a future period, deferred and recognized in the subsequent period
- Unrestricted investment income – when earned for interest, dividends, and realized gains and losses; unrealized gains or losses on investments classified as held for trading are recognized with a resulting change in market values
- Restricted contributions – based on the deferral method
- Unrestricted contributions – when received
- Pledges – when received or receivable if collection is reasonably assured

Restricted Contributions – deferral methods
Contributions, including investment income earned on contributions, that are restricted for purposes other than endowments or acquisition of capital assets, are deferred and recognized as revenue when the contribution conditions are met.

Endowment contributions are recorded as direct increases in endowment net assets. Endowment investment earnings, under agreement with donor to be allocated to endowment principle, are recognized as direct increases in endowment net assets. Endowment investment earnings not allocated to endowment principle, are deferred and recognized as revenue when endowment conditions are met.

Contributions, including investment income earned on contributions, to acquire capital assets with limited life are recorded as deferred capital contributions when received or receivable. Unrealized gains or losses on contributions as a result of market value changes are also recorded as deferred contributions. Contributions expended are transferred to unamortized deferred capital contributions and amortized to revenue equal to the related amortization expense of the funded capital assets.

(f) Employee Future Benefits

The College participates in the Local Authorities Pension Plan. This pension plan is a multi-employer defined benefit pension plan that provide pensions for the College's participating employees, based on years of service and earnings.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The College's portion of the pension plan's deficit or surplus is not recorded by the College.

Note 2 Significant Accounting Policies (continued)

(g) Capital Disclosures

Effective July 1, 2008, Olds College adopted CICA 1535: Capital Disclosures. The new standard requires an entity to disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital. The new note disclosure is as follows:

Olds College defines its capital as the amounts included in deferred contributions and capital contributions (Note 10), endowment net assets (Note 13), internally restricted (Note 12) and unrestricted net assets. A significant portion of the College's capital is externally restricted and the College's unrestricted capital is funded primarily by Alberta Advanced Education and Technology. Olds College has investment policies (Note 3), spending policies and cash management procedures to ensure the College can meet its capital obligations.

Under the Post-Secondary Learning Act, Olds College must receive ministerial approval for a deficit budget, borrowing and the sale of land or buildings.

Note 3 Investments, Cash and Short Term Investments

Effective July 1, 2007, cash and investments are reflected at market value as financial instruments held for trading. Olds College holds investments in a portfolio that is managed with the intention of selling to generate investment earnings

$410,771 of unrealized losses (2008 - $197,640 gains) have been recognized as investment losses as a result of market value decreases from July 1, 2008 to June 30, 2009.

Cash and investment are summarized as follows:

	2009		2008	
	Cost	Market Value	Cost	Market Value
Cash	$ 9,829,001	$ 9,829,001	$ 956,335	$ 956,335
Short term investments	6,433,327	6,358,291	24,119,091	24,119,091
Fixed income - bonds and deposit notes	4,943,248	5,019,373	7,712,013	7,605,980
Equities and income trusts	12,059,655	11,472,471	12,928,449	13,442,204
Cash & Investments	33,265,231	32,679,136	45,715,888	46,123,610
Less amounts reported as cash and short term investments	9,829,001	9,829,001	1,046,039	1,046,039
Total Long-Term Investments	$ 23,436,230	$ 22,850,135	$44,669,849	$ 45,077,571

Note 3 Investments, Cash and Short Term Investments (continued)

Cash and short term investments are comprised primarily of cash on deposit and guaranteed investment certificates with maturity dates between 30 days and one year. The amount held as long-term investments represents funds not available for current operations.

The terms of the bond portfolio range from 1 year to 15 years. The average term is 9 years, with an effective yield on the bond portfolio of 5.30% (2008 – 5.21%).

The Board of Governors, through its Administrative Services Committee, monitors the performance of the investment portfolio. The prime objective and guiding principles of the College's investment policy is to enhance the value of the funds, and at the same time provide a dependable, increasing source of income to support the operating budget, while preventing undue exposure to risk. The four criteria that guide the College's investment policy are safety, growth, liquidity and congruence with our mission. The investments are managed on a day-to-day basis by College staff and an external investment manager.

In accordance with the investment policy, market risk is managed by:

- allowing funds to be invested in fixed income, short-term and equity investments at an asset mix ratio not to exceed 65%, 30%, 65% respectively
- ensuring investment ratings are at or above "R-1 or "A-1" for market securities, "BBB" for bonds and "P3" for preferred shares
- stating the risk tolerance for the equity portfolio is moderate
- ensuring that no more than 10% of the total portfolio is invested within one issuer or company

Note 4 Accounts Receivable

	2009	2008
Contract revenue	$ 2,113,856	$ 2,052,882
Tuition	864,383	912,217
Goods & Service Tax	460,927	538,897
	$ 3,439,166	$ 3,503,996

Note 5 Inventories

	2009	2008
Livestock, feed and supplies	$ 316,073	$ 297,534
Bookstore merchandise and other	140,890	170,880
	$ 456,963	$ 468,414

Note 6 Long Term Contributions Receivable

Long term contributions receivable are pledged funds for capital projects and are reasonably assured of collection. Funds are due to be received as follows:

2011	$ 205,000
2012	205,000
2013	60,000
	$ 470,000

Note 7 Capital Assets

	2009			2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 2,338,318	$ -	$ 2,338,318	$ 2,338,318
Site improvements	3,097,088	1,214,363	1,882,725	1,975,423
Buildings	60,270,499	38,003,415	22,267,084	23,353,465
Leasehold improvements	-	-	-	65,593
Furnishings and equipment	20,752,904	13,846,286	6,906,618	6,758,809
Construction in progress	27,243,531	-	27,243,531	12,494,508
	$ 113,702,340	$ 53,064,064	$ 60,638,276	$ 46,986,116

Note 7 Capital Assets (continued)

Capital assets have been funded as follows:

	2009	2008
Unamortized deferred capital contributions	$ 49,733,377	$ 35,634,351
Internally funded investment in capital assets	7,810,110	8,063,038
Long-term debt	3,094,789	3,288,727
	$ 60,638,276	$ 46,986,116

Olds College has several capital construction projects in progress. Assets under construction and not available for use at June 30, 2009 have not been amortized and are classified as construction in progress.

Capital assets received as donations in kind have a fair value of $24,778 (2008 - $4,000).

Note 8 Long-term Debt

The College acquired long-term debt to finance the construction of student residence town houses. Phase one construction was completed during September 1998 and Phase Two was completed in September 1999.

Phase one is partially funded through a debt instrument amortized over 15 years ending June 11, 2018, with a monthly resetting banker's acceptance interest rate. This rate was 3.93% at June 30, 2009 (2008 - 3.15%).

Phase two is funded through a debenture from Alberta Capital Finance Authority that is due April 1, 2024 and has a fixed interest rate of 5.75%.

The College also purchased 613 acres of farm land during February 2003. This land was partially funded through a 5.625% fixed interest rate debenture from Alberta Capital Finance Authority that is due February 14, 2018. This loan is secured by the farm land.

Note 8 Long-term Debt (continued)

June 30, 2009 long-term debt:

	Principal Repayments						
	Current	2011	2012	2013	2014	2015	Future Years
Phase One	$ 96,000	$ 96,000	$ 104,000	$ 108,000	$ 113,000	$ 120,000	$ 394,000
Phase Two	66,038	69,835	73,851	78,097	82,588	87,336	1,050,401
Farm land	49,109	51,871	54,789	57,871	61,126	64,565	216,313
	$211,147	$ 217,706	$ 232,640	$ 243,968	$ 256,714	$ 271,901	$ 1,660,714

Interest of $174,477 (2008 - $185,471) has been charged to expense during the year.

The College entered into an interest rate swap in 2003, a derivative financial instrument, for risk management purposes. The interest rate swap is used to manage the College's exposure to fluctuations in interest rates with its phase one student residence long-term debt. The College is not using hedge accounting for this interest rate swap. Therefore, the interest rate swap is recorded on the statement of financial position at its fair value. Gains or losses are recorded on the statement of operations.

The notional amount of the interest rate swap at June 30, 2009 is $1,031,000 (2008 - $1,116,000) at a fixed interest rate of 5.09% which expires in 2018. The fair value of the interest rate swap is a liability of $100,916 (2008 - $41,541). Fair value is determined by the College's financial institution which has arranged the interest rate swap.

Note 9 Unearned Revenue

	2009	2008
Tuition fees	$ 1,165,157	$ 1,180,804
Program delivery/Extension services	426,052	315,612
Research	257,126	94,642
Other	65,286	69,014
	$ 1,913,621	$ 1,660,072

Note 10 Deferred Contributions and Capital Contributions

Deferred contributions and capital contributions represent restricted funds received for future operating and capital activity.

	2009	2008
Contributions received:		
Grants, Province of Alberta	$ 6,724,606	$ 15,194,532
Other grants and contributions	120,937	991,829
Investment income	13,415	1,548,357
Donations	3,846,611	2,963,472
Transfers to:		
Grants, Province of Alberta	(1,249,839)	(1,472,075)
Other grants and contributions	(82,053)	(4,000)
Sales, rentals and other services	-	-
Investment income	(193,216)	(306,417)
Donations	(1,508,649)	(1,150,131)
Unamortized deferred capital contributions	(15,918,701)	(16,240,508)
(Decrease) increase during the year	(8,246,889)	1,525,059
Balance, beginning of year	24,761,522	23,236,463
Balance, end of year	$ 16,514,633	$ 24,761,522

The balance at the end of the year is held for the following purposes:

	2009	2008
Deferred grant contributions		
Grants - education	$ 414,427	$ 1,140,020
Grants - infrastructure	2,004,150	-
Grants - research	229,219	647,322
	2,647,796	1,787,342
Deferred donation contributions		
Student awards	1,474,459	1,933,239
Programs	699,515	786,945
Staff development	(57,573)	35,048
Other	572,935	498,249
	2,689,336	3,253,481
Total deferred contributions	5,337,132	5,040,823
Deferred capital contributions		
Capital construction projects	11,139,956	19,600,866
Program support	37,545	119,833
Research	-	-
Total deferred capital contributions	11,177,501	19,720,699
Total deferred contributions and capital contributions	$ 16,514,633	$ 24,761,522

Note 11 Unamortized Deferred Capital Contributions

Unamortized deferred capital contributions are amounts of external capital contributions, used to fund capital asset purchases, which will be recognized as revenue in the future.

	2009	2008
Balance, beginning of year	$ 35,634,351	$ 21,119,337
Amount transferred from deferred capital contributions (Note 10)	15,918,701	16,240,508
Amortization of deferred capital contributions	(1,819,675)	(1,725,494)
Balance, end of year	$ 49,733,377	$ 35,634,351

Note 12 Internally Restricted Net Assets

Net assets internally restricted are amounts set aside by the College's Board of Governors that are to be used for only designated purposes. The Board has placed internal restrictions on operating net assets as follows:

	2009	2008
Office of Advancement Projects	237,172	663,156
Extension program development	90,165	90,165
CLC operating fund	70,921	-
Scholarships	7,607	8,606
	$ 405,865	$ 761,927

Note 13 Endowments

Endowments consist of restricted donations to the College, the principal of which is required to be maintained intact in perpetuity. The investment income generated from endowments must be used in accordance with the various purposes established by the donors. The 2008/2009 investment income earned (lost) on endowments is identified below as Expendable Investment Income. Investment Income Expended is the amount investment income recognized as revenue, equal to expenditures incurred for the purpose of the endowments.

	Principal					
	June 30, 2008 Balance	Donations	Investment Income Capitalized	June 30, 2009 Balance	Expendable Investment Income (Loss)	Investment Income Expended
Student awards	$ 4,146,063	$ 284,314	$ (7,137)	$ 4,423,240	$ (347,550)	$ (149,955)
Programs	1,158,302	-	(18,895)	1,139,407	(80,528)	(43,261)
Faculty Development	1,618,216	-	(23,205)	1,595,011	(92,821)	-
Other	126,742	105,243	-	231,985	(19,613)	-
	$ 7,049,323	$ 389,557	$ (49,237)	$ 7,389,643	$ (540,512)	$ (193,216)

Note 14 Sales, Rentals and Other Services

Sales, rentals and other services revenue are summarized as follows:

	2009	2008
Conference and food services	$ 2,154,666	$ 2,121,938
Residence	1,532,891	1,522,005
Farm operations	831,359	675,329
Bookstore	787,002	799,253
Academic program ancillary	437,650	392,374
Rentals and other	330,839	477,353
	$ 6,074,407	$ 5,988,252

Note 15 Investment Earnings (Loss)

		2009		2008
Earnings (loss) on investments held for endowment	$	(589,750)	$	307,002
Income (loss) on other investments		(841,226)		552,851
Total investment income (loss)		(1,430,976)		859,853
Transfer from deferred donations and endowment interest		193,216		306,417
Amounts drawn (credited) to endowment principal		49,237		(28,753)
	$	(1,188,523)	$	1,137,517

Note 16 Pension Expense

The pension expense recorded in these financial statements is equivalent to the College's annual contributions payable of $1,598,165 for the year ended June 30, 2009 (2008 - $1,532,147).

At December 31, 2008, the Local Authorities Pension Plan reported a deficiency of $4,413,971,000 (2008 deficiency - $1,183,334,000).

Note 17 Salaries and Benefits

The Province of Alberta's Treasury Board Salary and Benefits Disclosure Directive dated December 1998 as amended June 13, 2007 requires the College to disclose certain salaries and benefits. These salaries and benefits are as follows:

Note 17 Salaries and Benefits (continued)

	2009				2008
	Base Salary[1]	Other Cash Benefits[2]	Other Non-cash Benefits[3]	Total	Total
Chairman of the Board	$ 15,909	$ -	$ 742	$ 16,651	$ 8,689
Board members [4]	50,530	-	1,896	52,426	32,150
President	193,517	15,892	44,005	253,414	278,366
Vice-President, Academic	155,147	-	63,200	218,347	219,236
Vice-President, Advancement	147,898	9,201	22,162	179,261	134,992
Vice-President, Student and Support Services	140,256	-	20,830	161,086	153,548
Associate Vice-President Academic	128,988	335	20,248	149,571	-
Chief Facilities and Planning Officer	-	-	-	-	344,877
	$ 832,245	$ 25,428	$ 173,083	$ 1,030,756	$ 1,171,858

(1) Base salary includes pensionable base pay.

(2) Other cash benefits include memberships, car allowance, car maintenance and health and wellness allowances. The Chief Facilities & Planning officer received a retiring allowance of $170,102 in 2007/2008.

(3) Other non-cash benefits include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental and vision coverage, group life insurance, employment insurance, tuition fees and accumulated administrative leave.

(4) There were 10 Board Members in 2009 (2008 – 10 Members).

Note 18 Net Changes in Non-cash Working Capital

	2009	2008
Decrease (increase) in accounts receivable	$ 64,830	$ 4,722,148
(Increase) decrease in prepaid expenses	(569,089)	46,444
Decrease (increase) in inventories	11,451	2,448
Increase in accounts payable and accrued liabilities	(3,844,813)	5,460,469
Increase in deferred contributions	296,309	722,080
Increase in unearned revenue	253,549	59,061
Increase in accrued vacation pay	56,472	163,488
	$ (3,731,291)	$ 11,176,138

Note 19 Funds Held on Behalf of Others

Olds College holds funds in trust for several organizations as follows:

	2009	2008
Student Association	$ 358,737	$ 346,273
Big Country Educational Consortium	539,644	1,221,938
Other	113,992	150,933
	$ 1,012,373	$ 1,719,144

These amounts are not included in the financial statements.

Note 20 Commitments and Contingencies

The College leases copier equipment with various lease terms. The minimum operating lease costs for the balance of the lease terms are:

2010	$ 46,625
2011	$ 6,675
2012	$ 5,045
2013	$ 2,190
2014	$ -

As at June 30, 2009, the College, as a partner in the Community Learning Campus, has outstanding contractual commitments for the community learning capital project in the amount of $3,151,923. Construction commitments for the Canadian Equine Center for Innovation amount to $4,958,800.

Note 21 Related Party Transactions

The College is a Provincial Corporation as all members of the Board of Governors are appointed either by statute or by a combination of orders by the Lieutenant Governor in Council and the Minister of Advanced Education and Technology. Transactions between the College and the Province are disclosed in the Statement of Operations and Statement of Financial Position and are as follows:

Note 21 Related Party Transactions (continued)

	2009				
	Revenue	Accounts Receivable	Accounts Payable	Deferred Contributions	Deferred Capital Contributions
Operating and Performance grant	$ 21,680,589	$ -	$ -	$ -	$ -
Access & Apprenticeship Funding	1,489,965	-	-	120,867	36,164
Extension Services grants	490,272	41,196	-	293,560	-
Infrastructure renewal	625,657	692,583	4,111,526	2,004,150	4,660,911
School of Innovation	48,284	313,636	-	229,219	-
Miscellaneous grants	411,592	122,835	10,947	-	-
	$ 24,746,359	$ 1,170,250	$ 4,122,473	$ 2,647,796	$ 4,697,075

	2008				
	Revenue	Accounts Receivable	Accounts Payable	Deferred Contributions	Deferred Capital Contributions
Operating and Performance grant	$ 20,352,973	$ -	$ -	$ 246,734	$ -
Access Funding	1,282,875	-	-	809,055	35,280
Extension Services grants	413,973	14,390	-	70,517	-
Infrastructure renewal	613,000	-	9,828,174	-	13,844,242
School of Innovation	145,470	270,126	-	647,322	-
Miscellaneous grants	367,937	232,672	24,211	13,714	-
	$ 23,176,228	$ 517,188	$ 9,852,385	$ 1,787,342	$ 13,879,522

During the year, Olds College had business transactions with Big Country Educational Consortium, Southern Alberta Institute of Technology, Northern Alberta Institute of Technology, Red Deer College, Lakeland College, University of Calgary, University of Alberta and the University of Lethbridge. These transactions were at market prices on normal terms of purchase and sale and have been included in the Statement of Operations.

As part of the new Community Learning Campus joint venture, Olds College has an amount payable to Chinook's Edge School Division in the amount of $4,111,526. The liability is a result of construction in progress on the new Community Learning Campus buildings.

Note 22 Community Learning Campus Joint Venture

Olds College and Chinook's Edge School Division have formed a joint venture to enhance rural learning opportunities by developing an environment that provides students with a seamless transition between high school, college, university, apprenticeship trades and the workplace.

The Community Learning Campus will see the development of a new high school, health and wellness facility, fine arts and multi-media center, e-learning center and bus maintenance facility on the Olds College Campus. The high school, fine arts and multi-media center and bus maintenance facility will be owned by Chinook's Edge School Division. The health and wellness facility and e-learning center will be owned by Olds College. The land for the Community Learning Campus will continue to be owned by Olds College.

Olds College has received a $29 million commitment from Alberta Advanced Education and Technology in support of the project. At June 30, 2009, the $29 million of funding has been received and is reflected in deferred capital contributions. Construction costs completed and in progress to June 30, 2009 total $30,980,775 and are reflected in the financial statements. The entire $65 million project is anticipated to be operational for the 2009/2010 academic year.

Note 23 Comparative Figures

Certain 2008 figures have been reclassified to conform to the 2009 presentation.

Note 24 Budget

The College is required to submit a budget, approved by the Board of Governors of the College, to the Minister of Advanced Education and Technology. The College budget for the year ended June 30, 2009 was approved by the Board of Governors on May 21, 2008 and approved by the Minister of Advanced Education and Technology on June 20, 2008.

Note 25 Approval of Financial Statements

The Board of Governors approved these financial statements.

Portage College

June 30, 2009

PORTAGE COLLEGE
FINANCIAL STATEMENTS
June 30, 2009

Auditor's Report

To the Board of Governors of Portage College

I have audited the statement of financial position of Portage College as at June 30, 2009 and the statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
October 5, 2009

PORTAGE COLLEGE

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2009

	2009	2008
ASSETS		
Current:		
Cash and cash equivalents (Note 3)	$ 1,028,020	$ 2,055,449
Accounts receivable (Note 5)	5,966,844	5,942,475
Inventories (Note 6)	330,131	216,175
Prepaid expenses	101,553	72,968
	7,426,548	8,287,067
Non-current cash and cash equivalents (Note 3)	9,747,140	9,503,716
Long-term investments (Note 4)	947,397	949,078
Capital assets (Note 7)	51,869,456	41,999,420
	$ 69,990,541	$ 60,739,281
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 1,350,464	$ 1,369,053
Accrued vacation pay	1,610,016	1,390,465
Unearned revenue (Note 8)	331,135	327,284
Deferred contributions (Note 9)	1,256,280	1,367,673
	4,547,895	4,454,475
Deferred capital contributions (Note 10)	8,690,866	8,587,637
Unamortized deferred capital contributions (Note 11)	45,591,624	37,855,150
	58,830,385	50,897,262
Net assets:		
Unrestricted net assets	907,017	1,903,399
Internally restricted net assets (Note 12)	3,005,824	2,963,926
Invested in capital assets	6,250,525	4,118,099
	10,163,366	8,985,424
Endowments (Note 3)	996,790	856,595
	11,160,156	9,842,019
	$ 69,990,541	$ 60,739,281

The accompanying notes and schedule 1 are part of these financial statements.

PORTAGE COLLEGE

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2009

	2009	2008
REVENUE		
Grants and provincial government contributions (Note 19)	$ 23,775,747	$ 19,501,340
Tuition and related fees	2,995,022	2,721,606
Contract income	2,332,034	1,852,666
Sales, rentals and services (Note 13)	2,140,563	2,116,041
Donations and contributions	139,776	111,458
Investment income (Note 14)	185,224	302,956
Miscellaneous	251,554	358,153
	31,819,920	26,964,220
Amortization of deferred capital contributions (Note 11)	1,363,259	990,738
	33,183,179	27,954,958
EXPENSE		
Salaries, wages and benefits (Note 16)	20,031,413	17,622,473
Supplies and services	9,864,262	6,999,225
Utilities	750,083	727,981
Scholarships and bursaries	363,075	160,747
Amortization of capital assets	2,136,450	1,648,043
	33,145,283	27,158,469
EXCESS OF REVENUE OVER EXPENSE, BEFORE EXTRAORDINARY GAIN	37,896	796,489
EXTRAORDINARY GAIN (Note 24)	169,667	367,856
EXCESS OF REVENUE OVER EXPENSE, AFTER EXTRAORDINARY GAIN	$ 207,563	$ 1,164,345

The accompanying notes and schedule 1 are part of these financial statements.

PORTAGE COLLEGE

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2009

	2009					2008
	Unrestricted Net Assets	Internally Restricted Net Assets (Note 12)	Invested in Capital Assets	Endowments (Note 3)	Total	Total
Excess of revenue over expense	$ 37,896	$ -	$ -	$ -	$ 37,896	$ 796,489
Extraordinary gain (Note 24)	169,667				169,667	367,856
Endowment contributions received				140,195	140,195	109,867
Unrealized gain/(loss) on investments	(29,621)				(29,621)	34,210
Transfers for:						
- Board appropriations for capital purchases (Note 12)		(421,155)	421,155		-	-
- Reclass prior year disposal from owned asset to contributed	(26,156)		26,156		-	-
- Reclass capital purchased from internally restricted funds in prior year	74,470	(74,470)			-	-
- Extraordinary gain to internally restricted net asset for replacement of facilities (Note 24)	(537,523)	537,523			-	-
- Reclass interest earned on endowment funds in prior period					-	(2,609)
- Reclass endowment funds incorrectly recorded as deferred contributions in prior period					-	1,500
- Amortization of internally funded capital assets	797,832		(797,832)		-	-
- Acquisition of internally funded capital assets	(1,516,823)		1,516,823		-	-
- Acquisition of contributed land (Note 19 e)			1,000,000		1,000,000	-
- Net book value of capital assets disposed	33,876		(33,876)		-	-
Increase (decrease) in net assets	(996,382)	41,898	2,132,426	140,195	1,318,137	1,307,313
Net assets, beginning of year	1,903,399	2,963,926	4,118,099	856,595	9,842,019	8,534,706
Net assets, end of year	$ 907,017	$ 3,005,824	$ 6,250,525	$ 996,790	$ 11,160,156	$ 9,842,019

The accompanying notes and schedule 1 are part of these financial statements.

PORTAGE COLLEGE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2009

	2009	2008
Operating activities:		
Excess of revenue over expense	$ 37,896	$ 796,489
Non-cash transactions		
Amortization of deferred capital contributions (Note 11)	(1,363,259)	(990,738)
Amortization of capital assets	2,136,450	1,648,043
Reclass interest earned on endowment funds in prior period	-	(2,609)
Loss on sale of capital assets	58,520	23,598
	869,607	1,474,783
Changes in non-cash working capital [1]	(73,490)	(4,747,682)
Cash generated (used) from operating activities	796,117	(3,272,899)
Investing activities:		
Net (increase) in non-current cash and cash equivalents	(243,424)	(3,915,147)
Net (purchases) sales of investments	(27,940)	(45,776)
Acquisition of capital assets - internally funded	(1,937,978)	(891,334)
Acquisition of capital assets - externally funded	(5,528,975)	(8,831,349)
Proceeds on sale of capital assets		2,810
Cash used in investing activities	(7,738,317)	(13,680,796)
Financing activities:		
Capital contributions (Note 10)	5,604,909	12,576,927
Endowment contributions	140,195	109,867
Reclass endowment funds incorrectly recorded as deferred contribution in prior period (Note 3)	-	1,500
Gain related to extraordinary item (Note 24)	169,667	367,856
Cash generated from financing activities	5,914,771	13,056,150
(Decrease) increase in cash and cash equivalents	(1,027,429)	(3,897,545)
Cash and cash equivalents, beginning of year	2,055,449	5,952,994
Cash and cash equivalents, end of year	$ 1,028,020	$ 2,055,449

	2009	2008
[1] Net change in non-cash working capital:		
Accounts receivable	$ (24,369)	$ (2,623,124)
Inventories	(113,956)	(9,504)
Prepaid expenses	(28,585)	7,154
Accounts payable and accrued liabilities	(18,589)	238,730
Accrued vacation pay	219,551	198,027
Unearned revenue	3,851	91,422
Deferred contributions	(111,393)	(2,650,387)
	$ (73,490)	$ (4,747,682)

The accompanying notes and schedule 1 are part of these financial statements.

PORTAGE COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

Note 1 Authority and Purpose

Portage College (the "College") operates under the authority of the Post Secondary Learning Act, Chapter P-19.5, Statutes of Alberta, 2003. The College is a registered charity, and under Section 149 of the Income Tax Act is exempt from payment of incomes taxes.

The College primarily serves communities in North Eastern Alberta with its main campus in Lac La Biche and with community campuses throughout its service region. The College provides instruction and training to assist adult learners through learning and employment foundations, career entry training in business, human services, health services, trades, first and second year university transfer courses through its University Studies program as well as workforce development in response to emerging learning needs.

Note 2 Significant Accounting Policies and Reporting Practices

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

In preparing the College's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Management believes its estimates to be appropriate, however, actual results could differ from these estimates.

(a) Revenue Recognition

(i) Unrestricted Contributions

Unrestricted operating grants and contributions are recognized as revenue in the period received or when receivable.

(ii) Restricted Contributions

Externally restricted non-capital grants and contributions are deferred and recognized as revenue in the period when related expenses are incurred.

Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized deferred capital contributions. Unamortized deferred capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

Restricted contributions for the purchase of capital assets, that are not subject to amortization, are recorded as deferred capital contributions in the period in which they are received and, when expended, are recognized as direct increases in net assets.

Externally restricted contributions for endowment purposes are not recognized as revenue, but are recorded as direct increases in net assets.

(iii) Donations

Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(iv) Program Delivery

Revenue from tuition fees, education contract programs and sale of goods and services is recognized as revenue in the period in which the goods are delivered or the services are provided.

Revenue from long-term education contracts is determined on the percentage of completion method. Provision is made for all anticipated losses as soon as they become evident.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Inventories

Inventories for resale are valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis. Inventories held for consumption are valued at the lower of cost and replacement value.

(c) Capital Assets and Collections

Capital assets are recorded at cost, except donated assets which are recorded at fair value, when fair value can be reasonably determined.

Capital assets are amortized on a straight-line basis over the following estimated average useful lives:

Buildings and site improvements	30 - 40 years
Trailers	20 years
Furniture, vehicles and other equipment	5 - 10 years
Learning resources	5 - 10 years
Computer equipment	4 years
Computer software	5 years
Rental books	2 years
Leasehold improvements	Life of lease

Artwork collections are recorded at cost and not amortized. Donated artwork collections are recorded at fair value, when determinable.

(d) Pension Plan Expense and Obligation

The College participates in the Public Service Pension Plan and the Management Employees Pension Plan. These pension plans are multi-employer defined benefit pension plans, that provide pensions for the College's participating employees, based on years of service and earnings.

Pension costs included in these financial statements comprise the cost of employer contributions for its employees during the year, based on rates which are expected to provide for benefits payable under the respective pension plan. The College's portion of the pension plans' deficit or surplus is not recorded by the College.

(e) Financial Instruments

The College has elected to continue to follow section 3861 – Financial Instruments – Disclosure and Presentation. The College does not use hedge accounting and accordingly, is not impacted by the requirements of Section 3865, Hedges. As permitted for Not-for-Profit Organizations, the College has elected not to apply the standards for embedded derivatives (elements of contracts whose cash flows move independently from the host contract) in non-financial contracts.

The College has classified its significant financial assets and financial liabilities as follows:

- Cash and short-term investments are classified as held for trading, and are recorded at fair value with changes in fair value recorded through the excess of revenue over expense in each period.
- Long-term investments are classified as available-for-sale, and are measured at fair value with subsequent gains or losses included in net assets or deferred contributions until the asset is removed from the statement of financial position.
- Accounts receivable are classified as loans and receivables. The fair values of accounts receivables approximate their carrying value due to the relatively short period to maturity of the financial instrument.
- Accounts payable and accrued liabilities and employee benefits liabilities are classified as other financial liabilities. The fair values of other financial liabilities approximate their carrying value due to the relatively short period to maturity of the financial instrument.

Financial instruments of the College are exposed to credit risk, interest rate risk, foreign exchange risk and market risks. The College's accounts receivables are due from a diverse group of customers and are subject to normal credit risk. The interest rate risk is the risk that the College's earnings that arise from the fluctuations in interest rates and the degree of volatility of these rates. The foreign exchange risk is the risk of rising costs related to the purchase transactions in United States currency and the reduction of amount collected for receivables which are due in United States currency. The market risk is to the College's earnings that arise from the fluctuation and the degree of volatility in the market value of long-term investments. Each of these risks is limited through the College's collection procedures, investment guidelines and other internal policies, guidelines and procedures.

Long-term investments are comprised of fixed income and marketable equity securities which are classified as available-for-sale (investments held for long-term capital appreciation and generation of income), and are measured at fair value at each reporting date. Fair values for publicly traded securities are based on the closing market prices. The College utilizes settlement date accounting for all purchases and sales of financial assets in its investment portfolio. Fixed income securities are initially recognized at acquisition cost (purchase price plus transaction costs), which reflects any premium or discount at date of purchase, and carried at fair value. Marketable equity securities are also initially recognized at acquisition cost, and subsequently measured at fair value.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(f) Investment Earnings

(i) The College recognizes dividend and interest revenue as earned, and investment gains and losses when realized. Realized gains and losses represent the difference between the amounts recognized through sales of investments and their respective cost base, as well as the amounts provided for as a write-down due to impairment. Unrealized gains and losses on available-for-sale securities attributed to endowment net assets are recorded in deferred contributions. Unrealized gains and losses on available-for-sale securities attributed to other net assets are recorded in the statement of changes in net assets, and are recognized in the statement of operations when realized.

(ii) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the period the related restrictions have been met.

(iii) Unrestricted investment income is recognized in the year it is earned.

(g) Capital Disclosures

Effective July 1, 2008, the College adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 1535, *Capital Disclosures*. The section establishes standards for disclosing information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital. The new requirements are for disclosure only and did not impact the financial results of the College.

The College defines capital as the amounts included in deferred contributions (note 9), deferred capital contributions (note 10), unrestricted net assets, internally restricted net assets (note 12) and endowment net assets (note 3). A significant portion of the College's capital is externally restricted and the College's unrestricted capital is funded primarily by Alberta Advanced Education and Technology. The College has investment policies (note 4), spending policies and cash management procedures to ensure the College can meet its capital obligations.

Under the Post Secondary Learning Act, the College must receive ministerial approval for a deficit budget, borrowing and the sale of any land or buildings.

Note 3 Cash and cash equivalents and Endowments

	2009	2008
Consolidated Cash Investment Trust Fund	$ 968,187	$ 891,019
Treasury Bills	114,925	133,802
Cash	9,692,048	10,534,344
	10,775,160	11,559,165
Held as non-current cash and cash equivalents	(9,747,140)	(9,503,716)
Held as cash and cash equivalents	$ 1,028,020	$ 2,055,449

The Consolidated Cash Investment Trust Fund ("CCITF") of the Province of Alberta is managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed income securities with a maximum term to maturity of three years. Interest is earned on the daily cash balance at the average rate of earnings of the CCITF, which varies depending on the prevailing market interest rates.

Cash and short term investments are recorded at market value.

Treasury bills mature within one year.

The amount held as non-current cash and cash equivalents represents funds not available for current operations and includes endowments and net assets internally restricted for capital purposes, as outlined below.

Note 3 Cash and cash equivalents and Endowments (continued)

		2009		2008
Endowments (1)	$	996,790	$	856,595
Board restricted capital funds (Note 12)		59,484		59,484
Deferred Capital Contributions (Note 10)		8,690,866		8,587,637
	$	9,747,140	$	9,503,716

(1) Endowments are comprised of the following:

		Externally restricted (2)		Internally restricted (3)		2009		2008
Board of Governors Award	$	300,000	$	100,000	$	400,000	$	400,000
Trans Canada-Student Bursary		12,500		12,500		25,000		25,000
Northlands Park Achievement Award		20,000		-		20,000		20,000
Alberta Pacific Bursary		10,000		10,000		20,000		20,000
Myrna Fox Scholarship		6,200		-		6,200		6,200
Pow Wow scholarship		2,500		2,500		5,000		5,000
Dave Rob wellness award		1,000		1,000		2,000		2,000
Bayer award		1,500		-		1,500		1,500
Quality of Life award		-		20,000		20,000		20,000
Flight Sergeant Kirby Memorial Award		25,000		-		25,000		25,000
Xerox- Outstanding Business Careers Student Award		3,000		-		3,000		3,000
Alberta Pacific Native Cultural Arts Award		2,000		-		2,000		2,000
Ultimate Heir		75,136		-		75,136		-
Fundraising Scholarship (3)		-		391,954		391,954		326,895
	$	458,836	$	537,954	$	996,790	$	856,595

The purpose of endowment funds is to award student scholarships and bursaries from interest earned on each endowment.

(2) Funds externally restricted for endowment purposes is $458,836 (2008- $383,700 as restated) which stipulate the funds be maintained permanently.

(3) The Board of Governors has internally restricted $537,954 (2008 - $472,895 as restated) for endowments purposes. This amount is comprised of (a) matching contributions to certain externally funded endowments and (b) a College endowment from net fundraising proceeds.

Note 4 Long-term Investments

		2009				2008		
		Cost Base		Market Value		Cost Base		Market Value
Government of Canada bonds	$	223,631	$	240,365	$	285,781	$	296,122
Provincial bonds		172,401		177,994		198,844		202,041
Corporate bonds		179,210		181,038		110,370		110,271
Equities		367,566		348,000		319,871		340,644
	$	942,808	$	947,397	$	914,866	$	949,078

The College recognizes the need to effectively manage all financial resources. The College employs cash and fund management practices in order to maximize the amounts available for investment. Donations and surplus cash will be invested in order to maximize return while minimizing loss.

The Board of Governors has approved investment guidelines on asset mix, diversification, quality, liquidity and nature of securities, and term constraints.

Long-term investments are classified as available-for-sale and measured at fair value, rather than cost basis.

Government of Canada bonds have a weighted average term to maturity of 7.4 years (2008 - 6.6 years) and stated interest rate of 3.7% (2008 - 3.80%). The average effective yield on these securities is 4.19% (2008 - 4.22%).

Provincial bonds have a weighted average term to maturity of 9.9 years (2008 - 9.7 years) and stated interest rate of 5.25% (2008 - 5.27%). The average effective yield on these securities is 4.18% (2008 - 4.18%).

Note 4 Long-term Investments (continued)

Corporate bonds have a weighted average term to maturity of 7.4 years (2008 - 4.4 years) and stated interest rate of 5.29% (2008 - 5.04%). The average effective yield on these securities is 4.69% (2008 - 4.76%).

Term to maturity of bonds is based upon the contractual maturity of the security. Effective yields represent the rate that discounts future cash receipts to the carrying value at June 30, 2009. Risk is reduced by the requirement that all bonds must be rated "A" or better by the Dominion Bond Rating Service or an equivalent recognized rating agency.

Note 5 Accounts Receivable

	2009	2008
Accounts receivable	$ 5,981,361	$ 5,942,475
Allowance for doubtful accounts	(14,518)	-
	$ 5,966,844	$ 5,942,475

Note 6 Inventories

	2009	2008
General Store	$ 290,100	$ 181,330
Cafeteria supplies	15,692	19,065
Printing supplies (1)	24,339	15,780
	$ 330,131	$ 216,175

(1) Printing supplies in 2008 has been restated to include other inventory of $6,677 which best reflects its classification.

Note 7 Capital Assets

	2009			2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings and site improvements	$ 52,391,941	$ 8,020,433	$ 44,371,508	$ 26,089,771
Land	1,500,000	-	1,500,000	500,000
Rental books	545,459	495,930	49,529	68,595
Computer equipment	4,652,419	3,520,928	1,131,492	759,547
Furniture	346,530	47,462	299,068	2,462
Vehicles	1,144,816	676,081	468,735	350,983
Other equipment	3,009,627	1,090,270	1,919,358	1,327,566
Learning resources	821,647	557,678	263,969	171,148
Trailers	658,922	298,907	360,015	417,307
Computer software	1,627,972	1,226,086	401,885	70,512
Artwork	314,750	-	314,750	314,750
Leasehold improvements	569,413	566,583	2,830	4,866
Work in Progress	786,319	-	786,319	11,921,914
	$ 68,369,815	$ 16,500,359	$ 51,869,456	$ 41,999,420

The College's art collection is comprised of:

(a) Native Cultural Arts Museum Collection

The Native Cultural Arts Museum Collection consists of Aboriginal artwork, which have been collected from across Canada and the United States. The majority of artwork was purchased from artists and dealers. Students, staff and guest instructors have donated numerous pieces to the Collection. Articles from the Collection are used for displays, both on and off campus, and for instructional support in the Native Cultural Arts programs. All artwork in the Collection is numbered, photographed and described in the Collection records.

Note 7 Capital Assets (continued)

(b) Other Artwork

The College has also acquired, either through purchases or donation, other artwork, which are displayed throughout the College's buildings. Approximately 85% of artwork displayed depicts native heritage. The mediums include watercolour, silk-screens, black and white photography, color photography and reproduced prints. The remainder of the display depicts the surrounding areas and peoples of Lac La Biche.

Note 8 Unearned Revenue

	2009	2008
Contract programs	$ 116,033	$ 80,605
Tuition fees	215,102	246,679
	$ 331,135	$ 327,284

Note 9 Deferred Contributions

Deferred contributions represent unspent funds externally restricted for non-capital purposes.

	2009	2008
Restricted contributions received during the period:		
Conditional grants	$ 11,409,509	$ 12,631,822
Restricted endowment investment income (Note 14)	22,802	35,662
	11,432,311	12,667,484
Transferred to revenue:		
Conditional grants	(5,921,720)	(2,720,926)
Restricted endowment investment income (Note 14)	(17,075)	(20,018)
Donations and contributions	-	-
	(5,938,795)	(2,740,944)
Transferred to deferred capital contributions (Note 10)	(5,604,909)	(12,576,927)
Increase (decrease) during the year	(111,393)	(2,650,387)
Balance, beginning of year	1,367,673	4,018,060
Balance, end of year	$ 1,256,280	$ 1,367,673

Deferred contributions at the end of the year are restricted for the following purposes:

	2009	2008
Deferred maintenance	$ 373,057	$ 51,543
Program funding	592,810	983,174
Student scholarships and bursaries	263,026	257,299
One time equipment and facility funding	27,387	75,657
	$ 1,256,280	$ 1,367,673

Note 10 Deferred Capital Contributions

Deferred capital contributions represent unspent funds externally restricted for capital purchases.

	2009	2008
Transferred from deferred contributions (Note 9)	$ 5,604,909	$ 12,576,927
Transferred to unamortized deferred capital contributions (Note 11)	(5,501,680)	(8,831,347)
Increase during the year	103,229	3,745,580
Balance, beginning of year	8,587,637	4,842,057
Balance, end of year	$ 8,690,866	$ 8,587,637

Note 10 Deferred Capital Contributions (continued)

Balance, end of year is comprised of:

	2009
Chilled water line replacement	$ 2,245,291
Off-reserve Aboriginal Housing - St.Paul	1,995,024
Hot water distribution system	1,365,412
McGrane Theatre renewal	900,000
Cold Lake Campus project	884,402
St.Paul Regional Campus	590,884
Access to the Future - Program equipment	300,729
Access to the Future - Medical Sim Lab	274,870
ABNorth - Technology Upgrades	86,349
Off-reserve Aboriginal Housing - Lac La Biche	41,121
Other capital projects	6,784
Total	$ 8,690,866

Note 11 Unamortized Deferred Capital Contributions

Unamortized deferred capital contributions represent external funding of capital assets which will be recognized as revenue in future periods. Changes in the unamortized deferred capital contributions are as follows:

	2009	2008
Balance, beginning of year	$ 37,855,150	$ 30,014,541
Transferred from deferred capital contributions (Note 10)	5,501,680	8,831,347
Contributed Building (Note 19 e)	3,598,053	-
Less amount amortized to revenue	(1,363,259)	(990,738)
Balance, end of year	$ 45,591,624	$ 37,855,150

Note 12 Internally Restricted Net Assets

Net assets internally restricted by the Board represent amounts set aside by the College's Board of Governors to be used for the following designated purposes. These amounts are not available for other purposes without approval of the Board.

	2009	2008
Capital:		
Campus Development Fund	$ 55,470	$ 55,470
Housing Development Fund	4,014	4,014
	59,484	59,484
Operating:		
Furnishings, equipment and renovations	$ 390,683	$ 600,000
E-learning Technology	461,581	600,000
Program Development	299,815	391,875
Student Scholarship and Bursary Investment Fund	350,000	350,000
Facility Development Fund	244,170	300,000
Program Enhancement Fund	250,000	250,000
Professional Services - Transition Fund	234,479	234,479
Financially Assisted Education Leave	100,000	100,000
Emergency Facility Repair	78,088	78,088
	2,408,817	2,904,442
Facility Replacement:		
Goodfish Lake Campus Facility (Note 24 i)	$ 337,545	$ -
Frog Lake Campus Facility (Note 24 ii)	199,978	-
	537,523	-
	$ 3,005,824	$ 2,963,926

Note 13 Sales, Rentals and Services

	Revenue	Direct Expense	2009 Net	2008 Net
Food Services	$ 580,092	$ 607,521	$ (27,429)	$ (51,046)
Housing	763,380	722,636	40,744	89,135
General Store	764,661	735,390	29,271	97,997
Community Use	32,430	56,922	(24,492)	(16,426)
	$ 2,140,563	$ 2,122,469	$ 18,094	$ 119,660

In addition to the direct expenses, facility amortization related to sales, rentals and services for the year was $186,304 (2008 - $186,304). This allocation was calculated based on square footage occupied.

Note 14 Investment Income

	2009	2008
Investment earnings - restricted funds	$ 67,132	$ 270,753
Investment earnings - unrestricted funds	168,149	342,024
Total investment earnings	235,281	612,777
Amount earned as revenue on endowments (Note 9)	17,075	20,018
Amount deferred on endowments (Note 9) [(1)]	(22,802)	(33,053)
Amount earned on deferred capital funds	(44,330)	(237,700)
Investment income recognized as revenue, before adjustments	$ 185,224	$ 362,042
Adjustment - investment earnings on deferred capital funds	-	(56,477)
Adjustment - investment earnings deferred on endowments (Note 9) [(1)]	-	(2,609)
Investment income recognized as revenue, after adjustments	$ 185,224	$ 302,956

[(1)] The 2008 combined value equals the amount reported as restricted endowment investment income in Note 9.

Note 15 Expense by Function

	2009	2008
Instruction - Credit	$ 12,269,069	$ 9,562,020
Instruction - Non-Credit	695,860	654,482
Facilities operations and maintenance	6,544,612	4,992,346
Institutional support	3,973,946	3,460,794
Academic support	2,736,795	2,333,277
Student services	3,290,425	2,650,830
Ancillary services (Note 13)	2,121,787	2,182,685
Computing, network and communications	1,497,622	1,293,239
Fund raising	15,167	28,796
Total Expenses before extraordinary item	$ 33,145,283	$ 27,158,469

Instruction encompasses all formal education and instructional program elements. Facilities operations and maintenance includes all costs of the daily operations of the buildings occupied by the College, property taxes and amortization on capital equipment and buildings. Institutional support includes all activities that provide institution-wide support to other programs. Academic support includes all activities that directly support the education and instruction elements such as academic administration, library and audio-visual services. Student services includes all activities or services to the student body of the institution such as counselling, recreation and registrar's office. Ancillary services includes direct and indirect costs of operating food services, native artwork sales, community use, housing and general store. Computing, network and communications includes all costs expended to maintain the College's hardware and software. Fund raising includes guest speaker honoraria, event promotion and all other direct costs associated with the events.

Note 16 Salaries, Wages and Benefits

The following information is prepared in accordance with Treasury Board Directive 12-98:

	2009				2008
	Base Salary[1]	Other Cash Benefits[2]	Other Non Cash Benefits[3]	Total	Total
Board Chair		$ 3,750	$ 51	$ 3,801	$ 1,936
Board Members (13 members)		15,163	341	15,504	10,663
President [4]	165,603	2,088	58,330	226,021	274,637
Vice President Academics	136,728	-	28,183	164,911	154,132
Vice President Student and College Services	136,728	750	28,183	165,661	154,132
Dean Community and Industry Training [5]	141,018		25,424	166,442	144,020
Dean Health, Business and Human Services	115,528		26,385	141,913	136,537
Dean Learning and Technologies	115,128	750	25,505	141,383	134,889
Director Student Services	111,240	500	26,579	138,319	132,267
Director Finance and Administration	95,465		24,917	120,382	109,197
Director St. Paul Region	115,128	500	27,330	142,958	132,736
Director Cold Lake Region	103,836		25,251	129,087	120,330

(1) Base salary includes pensionable base pay.

(2) Other cash benefits include bonuses, overtime, lump sum payments, honoraria, contract earnings and pay in lieu of benefits.

(3) Other non cash benefits include the College's share of all employee benefits and contributions or payments made on behalf of employees, including pension, health care, dental coverage, vision coverage, out of country medical insurance, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional and club memberships and professional development.

(4) The President's other cash (footnote 2) or non-cash benefits (footnote 3) include standard benefits available to all College employees as well as additional items negotiated in his contract including: professional development allotment, memberships and severance agreement. An automobile was also provided, with no dollar amount included in the other non cash benefits figure.

(5) The position of Dean of Community and Industry Training was occupied by two incumbents during the 2009.

Note 17 Pension Costs

The College participates in two multiemployer pension plans, the Public Service Pension Plan (PSPP) and the Management Employees Pension Plan (MEPP). The expense for these plans is $1,345,723 for the year ended June 30, 2009 (2008 - $1,232,525).

Public Service Pension Plan

At December 31, 2008, the PSPP reported a deficiency of $1,187,538,000 (2007 deficiency - $92,509,000 as restated).

Management Employee Pension Plan

At December 31, 2008, the MEPP reported a deficiency of $568,574,000 (2007 deficiency- $84,341,000).

Note 18 Commitments

Future minimum annual lease payments under operating leases and other commitments are:

2010	$	221,474
2011	$	127,649
2012 and thereafter	$	79,721

Note 19 Related Parties

a) Significantly Influenced Organizations

(i) Lac La Biche Childcare Association

The College exercises significant influence over the Lac La Biche Childcare Association (the "Childcare Association") through Board representation and a contractual arrangement whereby the children of students of the College are given priority placement at a maximum enrolment fee of $1,000 (2008 - $875) per child per month.

The Childcare Association is incorporated under the Societies Act of the Province of Alberta and exists to provide daycare services to Lac La Biche and surrounding communities.

The College, as owner of the buildings, provides the Childcare Association, at no charge, the space needed to operate a daycare, caretaking services, repairs, heating, lighting, telephone, parking spaces, furniture and equipment. For the year ended June 30, 2009, the College incurred related expenses of $152,118 (2008 - $145,878) on behalf of the Childcare Association, which is reflected in the College's statement of operations.

The College also provides an annual grant of $47,141 (2008 - $47,141 as restated) to the Childcare Association to subsidize its operations. Upon expiry of the contract on June 30, 2010, the College may enter into contract negotiation with the Lac La Biche Childcare Association to renew the daycare contract.

(ii) Portage Aquatic Association

The Portage Aquatic Association (the "Aquatic Association") was incorporated under the Alberta Business Corporations Act. It operates the Aquatic Centre with the objective to encourage, promote and provide aquatic training and recreational opportunities to prospective patrons. The College has an agreement with the Aquatic Association to make available aquatic training and recreational opportunities to College staff and students.

On November 4, 2008 the College entered into a multi-year contract with the Portage Aquatic Association and Lac La Biche County whereby Portage College and the County contribute funding for operations and certain capital costs. The College contributed $165,954 (2008 - $156,599) to fund a portion of the operating costs for the Aquatic Centre. The term of this agreement is from January 1, 2009 to December 31, 2011

In this agreement, the Aquatic Association has the option to contract out maintenance. For the year ended June 30, 2009 the Aquatic Association chose not to contract maintenance back to the College. Annual janitorial, management and other maintenance costs are not paid by the College. The College continues to own the building and recognized amortization in the amount of $45,602 (2008 - $45,602) for the current year.

The College paid $15,488 (2008 - $13,933) in user fees to the Aquatic Centre for use of pool facilities for students and to provide recreational programming for the year ended June 30, 2009.

At June 30, 2009, the accounts receivable balance include an amount of $3,429 (2008 - $9,465) owing from the Aquatic Centre for power usage and other purchases from the College.

b) Alberta Government and Alberta Post Secondary Education Institutions

The College is a Provincial Corporation. All of the members of the Board of Governors are appointed pursuant to the Post Secondary Learning Act or by a combination of orders by the Lieutenant Governor in Council and the Minister of Advanced Education and Technology.

In the normal course of operations, the College engages in brokerage and other collaborative arrangements with other post-secondary educational institutions in Alberta. These institutions are also Provincial Corporations.

Note 19 Related Parties (continued)

The College had the following transactions with the Alberta Government:

	Alberta Government	
	2009	2008
Grants Received or Receivable:		
Advanced Education:		
Operating contributions	$17,854,059	$16,787,717
Conditional contributions	10,872,248	5,469,548
Other provincial departments and agencies	400,371	6,828,035
Contributions received during the year	29,126,678	29,085,300
Conditional contributions deferred from prior years	9,897,978	8,818,431
Less contributions deferred at the end of the year	1,193,254	1,310,374
Less transfers to deferred capital contributions	14,192,546	17,418,984
Less transfers to accrued liabilities	-	-
Earned Government of Alberta contributions	23,638,856	19,174,373
Grants from other sources	136,891	326,967
Total Grants	$ 23,775,747	$ 19,501,340

	Alberta Government		Post Secondary Collaboration	
	2009	2008	2009	2008
Contract income	$ 835,078	$ 711,041	$ 6,929	$ 165,415
Expenses	$ 13,354	$ 10,828	$ 117,647	$ 107,343
Accounts receivable	$ 4,423,756	$ 4,552,628	$ 83,171	$ 97,781
Accounts payable	$ -	$ -	$ -	$ 4,546

c) Joint Venture

On December 18, 1998, the Lieutenant Governor in Council approved the establishment of a corporation, to be owned equally by Portage College, Northern Lakes College, NorQuest College and Bow Valley College. On February 10, 1999, 818196 Alberta Ltd. was incorporated pursuant to the Alberta Business Corporations Act.

The Corporation was created for the purpose of holding jointly developed intellectual property transferred from her Majesty the Queen in Right of the Province of Alberta as represented by the Minister of Advanced Education and Technology. The fair value of the intellectual property transferred is not determinable. The Corporation was active on June 30, 2009.

d) Cold Lake Building Project

Portage College, in partnership with the City of Cold Lake, completed construction of the Cold Lake Energy Centre, a joint use facility commissioned in August 2008 which includes a new 2,700 square metre College campus. Funding for the College campus was provided for by Advanced Education and Technology in the amount of $12,644,433. College related construction costs for the projected totalled $11,760,032 of which $752,327 was incurred in the current period. Of the total capital funding received from Advanced Education & Technology, $844,401 has been deferred for futher capital upgrades to the facility. The College does not own the land where the Regional Campus is situated, but has secured a forty year lease with options to renew for periods of five years each.

Portage College has protected its interests in the construction and joint operation of the Cold Lake facility through three governance agreements entitled: College Ground Lease, Joint Development Agreement and Multi-Use Campus Operating, Management, Maintenance and Use. These agreements define cost sharing, decision making and dispute resolution.

e) Subject to common control under the Alberta Government

On December 15, 2008 the College acquired the property formerly known as the Glen Avon School from the St.Paul Education Regional Division No.1, a school jurisdiction under the control of the Alberta Government. The transfer was a non-monetary, non-reciprocal transaction brokered between Advanced Education & Technology and Alberta Education. The asset consists of 2.24 acres and buildings totalling 57,430 sf. At date of acquisition the value of the land was $1,000,000 and buildings was $3,598,053 respectively. Subsequent to the acquisition the College invested $2,601,947 to renovate 23,374 sf of the building and acquired furnishings and equipment to operate the facility as the new St.Paul Regional College Campus. The fair market value of the renovated facility, including land, is $7,200,000.

The St.Paul Education Regional Division No.1 entered into a non-monetary operating lease with the College to rent a portion of the building for use as an elementary school. This lease is due to expire on August 31, 2010.

Note 20 Contingent Liability

There is one unresolved claim against the College. While the outcome of this claim cannot be predicted at this time, it is the opinion of management that the resolution of this claim will not have a material effect on the financial statements of the College, and has not been reflected in these statements.

Note 21 Budget Comparison

The College is required to submit a budget, approved by the Board of Governors of the College, to the Minister of Advanced Education and Technology for his approval. The Board of Governors approved the College's 2008-09 Budget on April 10, 2008.

	Actual	Budget	Variance
Revenue:			
Grants and provincial government contributions	$ 23,775,747	$ 19,900,804	$ 3,874,943
Tuition and related fees	2,995,022	4,002,780	(1,007,758)
Contract income	2,332,034	1,077,468	1,254,566
Sales, rentals and services	2,140,563	2,096,353	44,210
Donations and contributions	139,776	146,500	(6,724)
Investment income	185,224	210,000	(24,776)
Miscellaneous	251,554	235,513	16,041
	31,819,920	27,669,418	4,150,502
Amortization of deferred capital contributions	1,363,259	933,615	429,644
	33,183,179	28,603,033	4,580,146
Expense:			
Salaries, wages and benefits	20,031,413	18,800,405	1,231,008
Supplies and services	9,864,262	7,149,950	2,714,312
Utilities	750,083	777,987	(27,904)
Scholarships and bursaries	363,075	164,825	198,250
Amortization of capital assets	2,136,450	1,548,606	587,844
	33,145,283	28,441,773	4,703,510
Excess of revenue over expense, before extraordinary item	$ 37,896	$ 161,260	$ (123,364)

Note 22 Funds Held on Behalf of Others

The College holds the following funds on behalf of others over which the Board has no power of appropriation. Accordingly, these funds are not included in these financial statements.

	2009	2008
Portage Aquatic Association	$ 80,816	$ 78,954
Faculty Association	157,820	154,184
Employee Funded Leave	58,266	25,713
Other Funds Held	100,522	101,649
Security Deposits Held	15,487	17,581
	$ 412,912	$ 378,081

Note 23 Comparative Figures

Certain comparative amounts have been reclassified where necessary to conform to the current year's financial statement presentation.

Note 24 Extraordinary Items

i) On August 16, 2008 a fire destroyed a modular classroom facility at the Goodfish Lake Community Campus. Replacement of the facility is estimated to be $371,000. The net book value of the facility is $24,346 and related expense from the fire is $9,109 resulting in an extraordinary gain of $337,545. The facility and its contents are insured and an insurance claim has been filed. The gain has been classified as an internally restricted net asset as approved by the Board in conjunction with approval of the financial statements (note 26).

ii) Extraordinary items has been adjusted by $167,878 to reflect a lower than anticipated gain recorded in the prior year related to a fire that destroyed a modular classroom facility at the Frog Lake Community Campus on June 7, 2008. Replacement cost of the facility and contents was finalized at $333,417 versus a prior year estimate of $485,000. The net book value of the modular classroom facility is $26,156 and related expenses was finalized at $107,283 versus a prior year estimate of $90,988. The extraordinary gain was finalized at $199,978 versus a prior year estimate of $367,856 resulting in a downward adjustment of $167,878 in the current period. The gain has been classified as an internally restricted net asset as approved by the Board in conjunction with the approval of the financial statements (note 26).

Schedule of extraordinary items:

		Extraordinary Gain recorded	2009	2008
June 7, 2008	Modular classroom Frog Lake Campus	$ 199,978	$ (167,878)	$ 367,856
August 16, 2008	Modular classroom Goodfish Lake Campus	337,545	337,545	-
		$ 537,523	$ 169,667	$ 367,856

Note 25 Subsequent Events

On July 30, 2009 the College received a $500,000 donation from the Metis Nation of Alberta Foundation to establish a Metis Training Endowment Fund. The College will match the MNA Foundation contribution with funds it receives through the Alberta Government Access to the Future Renaissance Fund to establish a $1 million Metis Training Endowment Fund.

Note 26 Approval of Financial Statements

These financial statements were approved by the Board of Governors.

Schedule 1 Continuing Education Programming

	2009						2008
	Trades, Technical & Safety Training	Forestry Programs	Health Training	Computer & Office Training	Driver Training	Total	Total [2]
Revenue	$ 805,455	$ 553,340	$ 104,606	$ 71,879	$ 266,045	$ 1,801,325	$ 1,531,435
Less:							
Direct Expenses:							
Salaries, wages and benefits	439,828	226,083	15,086	27,384	83,516	791,897	704,602
Supplies and other expenses	235,947	218,946	83,813	18,419	105,429	662,554	519,458
	675,775	445,029	98,899	45,803	188,945	1,454,451	1,224,059
Indirect costs [1]	134,281	89,526	14,218	12,488	27,050	277,563	238,711
Excess (shortfall) of revenue over expense	$ (4,601)	$ 18,785	$ (8,511)	$ 13,588	$ 50,050	$ 69,311	$ 68,664

The College actively works with industry, native communities and other organizations to provide customized training on a cost recovery basis. The College expects Continuing Education departments to cover all direct costs plus an estimated amount to cover indirect costs to deliver these programs - see footnote below.

Any revenues and expenditures related to Continuing Education program delivery can be grouped within any or all of the categories on the statement of operations.

(1) The amounts shown as indirect costs are calculated based on a percentage of gross program revenue on a scale ranging from 0% to a maximum of 20%.

(2) Health programs revenue and expenditures has been restated to remove net loss for the base funded Emergency Medical Responder program incorrectly coded to continuing education in 2008 in the amount of $117,476.

Red Deer College

Consolidated Financial Statements

June 30, 2009

RED DEER COLLEGE

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2009

Auditor's Report

To the Board of Governors of Red Deer College

I have audited the consolidated statement of financial position of Red Deer College as at June 30, 2009 and the consolidated statements of revenue and expense, changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

FCA
Auditor General

Edmonton, Alberta
October 8, 2009

RED DEER COLLEGE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2009

	2009	2008
ASSETS		
Current:		
Cash and cash equivalents	$ 2,281,863	$ 4,102,740
Investments (Note 3)	16,699,511	53,744,150
Accounts receivable	1,488,830	3,158,029
Inventories	948,629	733,666
Prepaid expenses	478,355	489,474
	21,897,188	62,228,059
Investments (Note 3)	37,714,342	7,414,153
Art collections (Note 4)	1,346,928	1,316,885
Capital assets (Note 5)	117,637,104	100,112,223
	$ 178,595,562	$ 171,071,320
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 9,002,328	$ 11,632,491
Accrued vacation pay	4,648,043	4,083,713
Supplemental Employee Retirement Plan (Note 17)	582,000	510,054
Unearned revenue	2,798,346	2,074,116
Deferred contributions for operating purposes (Note 6)	13,045,463	12,896,910
Current portion of capital lease obligation (Note 7)	81,529	215,653
Current portion of long-term debt (Note 8)	1,737,740	213,616
	31,895,449	31,626,553
Long-term portion of capital lease obligation (Note 7)	210,180	291,711
Long-term debt (Note 8)	13,179,510	6,917,250
Deferred contributions for capital purposes (Note 9)	14,364,534	26,140,467
Unamortized deferred capital contributions (Note 10)	88,520,318	78,453,998
	148,169,991	143,429,979
Net assets:		
Endowments (Note 11)	10,002,541	6,255,760
Investment in capital assets and art collections	15,530,197	15,612,322
Internally restricted (Note 12)	4,844,874	1,503,269
Unrestricted net assets		
Accumulated excess of revenue over expenses	1,659,663	2,830,583
Accumulated net unrealized gain on investments	(1,611,704)	1,439,407
	30,425,571	27,641,341
	$ 178,595,562	$ 171,071,320

RED DEER COLLEGE

CONSOLIDATED STATEMENT OF REVENUE AND EXPENSE

FOR THE YEAR ENDED JUNE 30, 2009

	Budget (Note 21)	2009	2008
Revenue:			
Grants, Province of Alberta (Note 13)	$ 47,845,000	$ 51,282,153	$ 44,596,792
Educational contracts	2,431,000	2,654,618	2,159,037
Research Grants	800,000	455,967	476,328
Tuition and related fees (Note 14)	18,186,000	17,401,715	16,484,873
Ancillary services	7,640,000	8,067,139	7,589,334
Sales, rentals and services	1,678,000	1,421,599	1,886,604
Investment income (Note 15)	750,000	962,484	1,393,813
Donations and endowment interest	670,000	1,093,990	974,414
Amortization of deferred capital contributions (Note 10)	5,000,000	4,707,514	3,029,471
	85,000,000	88,047,179	78,590,666
Expense:			
Salaries and benefits (Note 16)	55,388,300	54,195,147	50,176,577
Supplies and services	16,911,700	20,526,927	17,593,179
Utilities	2,410,000	2,828,082	2,477,212
Scholarships and bursaries	400,000	472,741	387,884
Cost of goods sold	2,890,000	2,715,048	2,743,571
Amortization and write down of capital assets	7,000,000	6,680,606	4,529,389
	85,000,000	87,418,551	77,907,812
Excess of revenue over expense	$ -	$ 628,628	$ 682,855

The accompanying notes are an integral part of these consolidated financial statements.

RED DEER COLLEGE

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2009

	2009					2008
	Endowments (Note 11)	Investment in Capital Assets and Art Collections	Internally Restricted (Note 12)	Unrestricted	Total	Total
Beginning of year	$ 6,255,760	$ 15,612,322	$ 1,503,269	$ 4,269,990	$ 27,641,341	$ 27,355,786
Excess of revenue over expense	-			628,628	628,628	682,855
Market adjustment for investments (Note 20)	(169,507)	-	-	(1,611,704)	(1,781,211)	(891,384)
Endowments received	3,817,907		-	-	3,817,907	397,607
Investment income added to endowment principal (Note 15)	98,381	-	-	-	98,381	96,477
Transfers:						
Purchase of capital assets	-	1,441,171	-	(1,441,171)	-	-
Amortization	-	(1,862,686)	-	1,862,686	-	-
Net book value of capital assets disposed or written down	-	(110,406)	-	110,406	-	-
Repayment of long-term debt and capital lease	-	429,271	-	(429,271)	-	-
Allocation from internally restricted net assets	-	-	3,341,605	(3,341,605)		
Donation of Art	-	20,525			20,525	-
End of year	$ 10,002,541	$ 15,530,197	$ 4,844,874	$ 47,959	$ 30,425,571	$ 27,641,341

The accompanying notes are an integral part of these consolidated financial statements.

RED DEER COLLEGE
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2009

	2009	2008
Cash generated from operating activities:		
Excess of revenue over expense	$ 628,628	$ 682,855
Add:		
Amortization and write down of capital assets	6,680,606	4,529,388
Amortization of deferred capital contributions	(4,707,514)	(3,029,471)
Increase in Supplemental Employee Retirement Plan	71,946	84,500
	2,673,666	2,267,272
Changes in non-cash working capital (Note 18)	780,827	2,628,206
Cash generated from operating activities	3,454,493	4,895,478
Investing activities:		
Acquisition of capital assets and collections		
Internally funded	(1,441,171)	(1,687,439)
Debenture funded	(8,000,000)	(534,753)
Externally funded (Note 10)	(14,773,834)	(32,479,946)
Net purchase of investments - current	(4,381,053)	(26,648,867)
Net disposal of investments - long-term	8,835,770	11,905,700
Cash applied to investing activities	(19,760,288)	(49,445,305)
Financing activities:		
Repayment of long-term debt	(213,616)	(244,020)
Repayment of capital lease	(215,655)	(433,105)
Construction payables		992,568
Capital contributions received (including transfers) (Note 9)	2,997,901	46,209,957
Endowments contributions	3,916,288	494,085
Addition of long-term debt	8,000,000	-
Cash generated from financing activities	14,484,918	47,019,485
Increase (decrease) in cash and cash equivalents	(1,820,877)	2,469,658
Cash and cash equivalents at beginning of year	4,102,740	1,633,082
Cash and cash equivalents at end of year	$ 2,281,863	$ 4,102,740

The accompanying notes are an integral part of these consolidated financial statements.

RED DEER COLLEGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2009

Note 1 Authority and Purpose

Red Deer College operates under the authority of the *Post-Secondary Learning Act*, Statues of Alberta 2003, Chapter P-19.5.

The College provides a wide range of quality educational opportunities designed to promote success of learners and the enrichment of life in the communities it serves. The College is mandated to provide certificates, diplomas, applied degrees and a wide variety of non-credit offerings through adult development programs, career-oriented studies, trades training and university undergraduate studies.

The College is exempt from the payment of income tax under Section 149 of the *Income Tax Act.*

Note 2 Significant Accounting Policies and Reporting Practices

(a) Consolidation

The financial statements include the accounts of the College and the Red Deer College Foundation.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates are based on management's best knowledge of current events and actions that the organization may undertake in the future. Actual results may differ from management's best estimates as additional information becomes available in the future. Significant estimates were made by management with respect to valuation of inventory, estimated useful lives of capital assets, amortization of unamortized deferred capital contributions and Supplemental Employee Retirement Pension (SERP) obligations.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(c) Financial Instruments

Financial assets classified as available-for-sale are measured at fair value with changes in fair values recognized as direct increases or decreases to net assets or deferred contributions as appropriate until realized, at which time the cumulative changes are recorded as direct increases or decreases on the Consolidated Statement of Revenue and Expenses. Interest revenue is recognized when earned, dividends when declared, and investment gains and losses when realized. Interest revenue is recognized over the term of a debt security using the effective interest rate method, and includes amortization of any premium or discount recognized at date of purchase.

Red Deer College has classified its significant financial assets and financial liabilities as follows:

- Cash, short-term and long-term investments are classified as available-for-sale and are measured at fair value with subsequent gains or losses included in net assets or deferred contributions until the asset is removed from the Consolidated Statement of Financial Position.
- Accounts receivable are classified as loans and receivable. After initial fair value measurement, they at measured at amortized cost.
- Accounts payable and accrued liabilities are classified as other financial liabilities. After their initial fair value measurement, they are measured at amortized cost.

As permitted for Not-for-Profit Organizations, Red Deer College has elected not to apply the standards for embedded derivatives (elements of contracts whose cash flows move independently from the host contract) in non-financial contracts.

Impairment of Investments

When the fair value of an investment falls below its cost, and the decline is determined to be other-than-temporary, a loss equivalent to the difference between cost and current fair value is recorded against net assets, endowments or deferred contributions. The assessment of other-than temporary impairment considers the extent of the unrealized loss, the length of time that the security has been in a loss position, the financial condition of the issuer and Red Deer College's intent to hold the security to any anticipated recovery.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

Determining whether an investment is impaired is a matter of judgment. Red Deer College interprets other-than-temporary as a decline in value in excess of normal volatility for 24 consecutive months. For securities whose decline in value is particularly severe, or those operating in a troubled sector, or where the prospects for recovery of carrying value is not probable within the expected holding period, the duration criterion may be waived.

Risk Exposure

Financial Instruments of Red Deer College are exposed to credit risk, interest rate risk, foreign exchange risk and market risks. Red Deer College's accounts are due from a diverse group of customer and are subject to normal credit risk. The interest rate risk is the risk to Red Deer College's earnings that arises from the fluctuations in interest rates and the degree of volatility of these rates. The foreign exchange risk is the risk of the rising costs related to purchase transactions in United States Currency and the reduction of amount collected for receivables which are due in United States Currency. The market risk is the risk to Red Deer College's earnings that arises from the fluctuation and the degree of volatility in the market value of long-term investments. Each of these risks is limited through Red Deer College's collection procedures, investments guidelines and other internal policies, guidelines and procedures.

(d) Cash and Cash Equivalents

Cash includes short-term deposits, which are highly marketable securities with a maturity of three months or less when purchased.

(e) Inventories

Inventories of merchandise for resale are valued at the lower of cost and net realizable value. Cost is determined using the retail cost method. Inventories of supplies for consumption are valued at the lower of cost and replacement value. Cost is determined on the first-in, first-out basis.

(f) Art Collections

Art collections are recorded at cost except for donated items, which are recorded at fair market value at the time of receipt.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(g) Capital Assets

Capital assets are amortized on a straight-line basis over the following average useful lives:

Buildings	40 years
Infrastructure	25 years
Pianos	20 years
Land improvements	12 years
Furnishings, equipment and vehicles	10 years
Library books and media	10 years
Computer software	5 years
Computer hardware (acquired prior to 2005)	5 years
Computer hardware and computer leases	3 years

(h) Foreign Currency Translation

Transactions denominated in United States Currency are measured at the average weighted cost of the currency. Monetary assets and liabilities denominated in United States Currency are translated into Canadian dollars at rates of exchange in effect at the date of the Consolidated Statement of Financial Position.

(i) Revenue Recognition

Restricted contributions are recognized as revenue in accordance with the deferral method, as summarized below:

- Contributions, including restricted investment income on endowment net assets are deferred and recognized as revenue in the year in which the conditions of the contribution are met. Unrealized gains and losses on available-for-sale securities attributed to endowment net assets are also recorded in deferred contributions and the statement of changes in net assets.
- Contributions restricted to the acquisition of capital assets having limited life are initially recorded as deferred capital contributions in the period in which they are received or receivable, and when expended are transferred to unamortized deferred capital contributions and amortized to revenue over the useful lives of the related assets.
- Endowment contributions are recognized as direct increases in net assets.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

Unrestricted contributions are recognized as revenue when received.

- Unrestricted investment income, which includes interest, dividends and realized gains and losses, is recognized as revenue is earned. Unrealized gains and losses on available-for-sale securities attributed to other net assets are recorded in the consolidated statement of changes in net assets, and are recognized in the statement of operations when realized.
- Revenues received for the provision of goods or services are recognized in the period in which the goods are provided or the services rendered or substantially rendered.
- Tuition fees are recognized as revenue when the related instruction is delivered.

(j) Employee Future Benefits

The College participates in the Local Authorities Pension Plan. This pension plan is a multi-employer defined benefit pension plan that provides pensions for the College's participating employees, based on years of service and earnings.

Pension cost is disclosed as a part of salaries and benefits and are comprised of the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the Local Authorities Pension Plan. The College's portion of the pension plan's deficit or surplus is not recorded by the College.

The College provides a Supplemental Employee Retirement Plan for certain specified employees of the College. The plan is a defined benefit plan, is non-registered, unfunded and the liability is determined by an actuarial valuation using estimates described in Note 17.

The plan costs are disclosed as part of the salaries and benefits.

Note 3 Investments

The table below summarizes the fair market value of Red Deer College's investments at June 30th, 2009.

	2009	2008
Treasury bills and other	$ 16,699,511	$ 29,670,843
Bonds and coupons	16,915,096	13,735,675
Equity pooled funds	12,354,786	11,244,819
Balanced pooled funds	8,444,460	6,506,966
	54,413,853	61,158,303
Held as long-term investments	(37,714,342)	(7,414,153)
Current portion of investments	$ 16,699,511	$ 53,744,150

Short-term investments are comprised of the government treasury bills and money market funds.

Long-term investments are comprised of bonds, equity pooled funds and balanced pooled funds.

Further information on unrealized gains/losses is disclosed in Note 20.

These investments mature as follows

	Market Value
Non maturing (Stocks and equity mutual funds)	$ 20,799,245
Maturing within 1 - 5 years	24,651,429
Maturing within 6 - 10 years	4,539,433
Maturing beyond 10 years	4,423,746
	$ 54,413,853

The College's fixed income investments held outside of balanced pooled funds of $33,614,607 have an effective interest rate of 2.27%. Due to an error in classification of fixed income investments, the reported effective interest rate for 2008 was incorrect. The 2008 fixed income investments of $43,406,518 had an effective interest rate to 2.91%. The rate of return on the balance of the portfolio, comprised of mutual fund and stock holdings, is dependent on the fund's performance.

Note 4 Art Collections

Art collections represent paintings, sketches and drawings held to further the College's education and research activities.

Note 5 Capital Assets

(a) Summary of Cost and Net Book Value

	2009			2008
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land and improvements	$ 11,515,009	$ 914,509	$ 10,600,500	$ 9,703,339
Building and infrastructure	136,365,950	40,982,193	95,383,757	81,587,784
Furniture and equipment	19,118,164	10,158,620	8,959,544	6,605,152
Computer hardware	4,595,987	3,358,033	1,237,954	732,072
Computer software	3,629,937	2,940,356	689,581	498,884
Leased assets *	2,886,344	2,714,004	172,340	371,014
Library books and media	1,710,270	1,276,340	433,930	445,142
Vehicles	507,444	347,946	159,498	168,836
	$ 180,329,105	$ 62,692,001	$ 117,637,104	$ 100,112,223

* Leased assets consist of computers, piano and signage.

Included in the buildings and infrastructure total above is work in process of $309,651 that has not started to be amortized at year-end.

(b) Donations in Kind

During the year there were donations in kind of equipment in the amount of $147,525 (2008 - $50,715).

Note 6 Deferred Contributions for Operating Purposes

Deferred contributions for operating purposes represent unspent contributions externally restricted for non-capital purposes.

	2009	2008
Contributions:		
Grants	$ 13,696,667	$ 8,579,864
Donations	895,234	1,854,529
Interest (Note 15)	354,882	339,880
	14,946,783	10,774,273
Transfer to deferred capital contributions (Note 9)	(1,467,328)	(1,170,764)
	13,479,455	9,603,509
Transferred to revenue:		
Grants, Province of Alberta	11,728,390	8,308,260
Donations and interest	1,093,990	730,034
	12,822,380	9,038,294
Increase during the year	657,075	565,215
Deferred contributions at beginning of year	12,511,213	11,945,998
Deferred contributions at end of year	13,168,288	12,511,213
Deferred contributions relating to unrealized gain on investments:		
Unrealized gain on investments, beginning of year (Note 20)	385,697	747,616
Change in unrealized gain on investments relating to deferred contributions (Note 20)	(508,522)	(361,920)
Unrealized gain (loss) on investments, end of year	(122,825)	385,696
Deferred contributions, end of year	$ 13,045,463	$ 12,896,910

The balance consists of funds restricted for:

	2009	2008
Enrollment expansion	$ 3,407,131	$ 5,807,436
Infrastrucuture renewal	7,427,047	3,676,171
Scholarships and bursaries	2,043,659	2,634,183
Other	290,451	393,424
Unrealized gain (loss) on investments allocated to deferred contribution	(122,825)	385,696
	$ 13,045,463	$ 12,896,910

Note 7 Capital Lease Obligation

Capital lease obligation is comprised of several leases with interest rates ranging from 4.39% to 5.29% that expire from August 2009 to July 2017.

Future minimum lease payments are due in the following fiscal periods as follows:

2010	$ 81,529
2011	38,218
2012	38,218
2013	38,218
2014	38,218
2015-2018	114,254
	348,655
Less amount representing interest	(56,946)
	291,709
Less current portion	(81,529)
	$ 210,180

The College has pledged leased assets as security over these obligations. During the year, interest on capital lease obligations amounting to $19,343 (2008 - $34,767) has been expensed to supplies and services.

Note 8 Long-Term Debt

Long-term debt is summarized as follows:

	Principal Outstanding	
	2009	2008
Facility expansion, debenture repayable in semi-annual blended installments of $863,090 at 2.81% per annum interest, maturing June 2014.	$ 8,000,000	$ -
Student residences, debenture repayable in annual blended installments of $216,255 at 6.25% per annum interest, maturing March 2025.	2,148,419	2,225,576
Student residences, debenture repayable in annual blended installments of $179,921 at 6.00% per annum interest, maturing April 2026.	1,885,084	1,948,118
Student residences, debenture repayable in annual blended installments of $107,457 at 4.52% per annum interest, maturing June 2030.	1,447,686	1,488,353
Student residence, debenture repayable in semi-annual blended installments of $52,860 at 5.00% per annum interest, maturing June 2032.	1,436,061	1,468,819
Total long-term debt	14,917,250	7,130,866
Less current portion	1,737,740	213,616
	$ 13,179,510	$ 6,917,250

Note 8 Long-Term Debt (continued)

The repayment of principal in the next five fiscal years is as follows:

2010	$ 1,737,740
2011	1,793,327
2012	1,850,861
2013	1,910,420
2014	1,972,083

All debt is held with Alberta Capital Finance Authority, which is a related party of the College. Debentures in the amount of $6,917,250 are for the construction and renovation of residence. The College has provided all proceeds derived directly or indirectly from the operations of the residence buildings as security over the residence loans under a general security agreement. Debentures in the amount of $8,000,000 are for facility expansion. Included in supplies and services is $395,739 (2008 - $408,717) of interest on long-term debt.

Note 9 Deferred Contributions for Capital Purposes

Deferred contributions for capital purposes represent unspent externally restricted capital funds.

	2009	2008
Contributions:		
Grants	$ 9,573	$ 42,076,169
Interest (Note 15)	239,849	933,285
Donations	1,281,151	2,029,739
	1,530,573	45,039,193
Transfer from deferred contributions (Note 6)	1,467,328	1,170,764
	2,997,901	46,209,957
Transfer to unamortized deferred capital contributions (Note 10)	(14,773,834)	(32,479,946)
Increase (decrease) during the year	(11,775,933)	13,730,011
Deferred contributions for capital purposes at beginning of year	26,140,467	12,410,456
Deferred contributions for capital purposes at end of year	$ 14,364,534	$ 26,140,467

The balance consists of funds restricted for:

Facility capital expansion	$ 14,364,534	$ 26,140,467

Note 10 Unamortized Deferred Capital Contributions

Unamortized deferred capital contributions represent the funded portion of capital assets, which will be recognized as revenue in future periods. Changes in the unamortized deferred capital contributions balance are as follows:

	2009	2009
Balance at beginning of year	$ 78,453,998	$ 49,003,523
Add amount transferred from deferred contributions for capital purposes (Note 9)	14,773,834	32,479,946
Less amount amortized to revenue	(4,707,514)	(3,029,471)
	$ 88,520,318	$ 78,453,998

A portion of the unamortized deferred capital contributions are in work in progress assets in the amount of $309,651 at year-end and therefore no amortization has been taken. See Note 5.

Note 11 Endowments

Endowments are comprised of externally and internally restricted amounts, which are required to be maintained intact except where a donor or the Board of Governors, for internally restricted amounts, agrees to a reallocation for expendable purposes. The terms of certain endowments require the College to maintain the real value of the endowments. Accordingly, a portion of annual investment income earned on the endowment is added to the principal amount. Internally restricted endowments amounted to $1,023,216 in 2009 (2008 - $846,244).

Note 12 Internally Restricted Net Assets

Net assets internally restricted are held for the following purposes. These amounts are not available for other purposes without the approval of the Board of Governors.

	2009	2008
Capital Expansion Fund	$ 3,500,000	$ -
Innovation Instruction Fund	86,658	243,677
College Sustainability Fund	1,237,461	1,237,461
Support Staff Association Professional Development Fund	3,947	20,540
Arts Centre Facility Enhancement	16,808	1,591
Net assets internally restricted	$ 4,844,874	$ 1,503,269

Note 13 Related Party Transactions

The College is a Provincial Corporation as all the members of the Board of Governors are appointed through the *Post-secondary Learning Act* by a combination of orders by the Lieutenant Governor in Council and the Minister of Advanced Education and Technology. Related party transactions are primarily with the Department of Advanced Education and Technology. Other related party transactions occur with the various departments, agencies and post-secondary learning institutions. These transactions were entered into on the same business terms as with non-related parties and are recorded at their fair values.

Fiscal 2008/2009

	Grants, Province of Alberta	Other Revenue	Deferred Contributions	Deferred Capital Contributions	Accounts Receivable	Expenses
Department of Advanced Education and Technology:						
Operations grant	$40,265,328	$ -	$ -	$ -	$ -	$ -
Enrollment planning	7,828,604	-	1,170,018	-	-	-
Infrastructure renewal	894,141	-	6,948,370	-	-	-
Expansion	1,811,224	-	478,677	10,595,868	-	-
Other	482,856	43,993	736,582	-	-	-
	51,282,153	43,993	9,333,647	10,595,868	-	-
Access to the Future Fund	-	-	367,732	1,974,373	-	-
Other departments/ agencies	-	1,186,935	1,608,201	-	60,225	79,901
Other post-secondary institutions	-	1,017,172	168,269	-	24,482	655,846
	$51,282,153	$2,248,100	$11,477,849	$12,570,241	$84,707	$735,747

Note 13 Related Party Transactions (continued)

Fiscal 2007/2008

	Grants, Province of Alberta	Other Revenue	Deferred Contributions	Deferred Capital Contributions	Accounts Receivable	Expenses
Department of Advanced Education and Technology:						
Operations grant	$36,442,497	$ -	$ -	$ -	$ -	$ -
Enrollment planning	7,728,823	-	5,807,437	-	-	-
Infrastructure renewal	131,140	-	3,676,171	-	-	-
Expansion	-	-	-	22,934,228	-	-
Other	294,332	93,219	188,525	-	-	-
	44,596,792	93,219	9,672,133	22,934,228	-	-
Access to the Future Fund	-	-	265,331	1,647,923	-	-
Other departments/ agencies	-	543,334	55,109	-	79,587	30,503
Other post-secondary institutions	-	987,260	29,012	-	115,364	557,009
	$44,596,792	$1,623,813	$10,021,585	$24,582,151	$194,951	$587,512

The amounts included in Accounts Receivable and Expenses have been restated to a more inclusive list of related party transactions. Alberta Capital Finance Authority is also a related party (see Note 8).

Note 14 Tuition and Related Fees:

	2009		2008	
	Budget	Actual	Budget	Actual
Credit	$ 11,552,000	$ 11,607,680	$ 10,770,000	$ 11,030,966
Apprenticeship	2,650,000	2,590,520	2,450,000	2,395,524
Non-Credit	3,984,000	3,203,515	3,425,000	3,058,383
Total tuition and related fees	$ 18,186,000	$ 17,401,715	$ 16,645,000	$ 16,484,873

Note 15 Investment Income

	2009	2008
Investment income in the year	$ 1,655,596	$ 2,763,455
Amount earned on deferred capital funds (Note 9)	(239,849)	(933,285)
Amount earned on deferred funds (Note 6)	(354,882)	(339,880)
Investment income on endowments	(98,381)	(96,477)
Investment income - unrestricted	$ 962,484	$ 1,393,813

Note 16 Salaries and Benefits

The salary and benefits disclosure is provided pursuant to Treasury Board Directive 12/98 as amended. The senior decision making group consists of the President, the Executive Vice President Academic and the Vice President of College Services. Other members are included due to their earnings in 2008 and 2009. The prior year schedule included individuals in addition to the requirements of the Directive. The prior year comparatives have been restated to remove these individuals.

	2009				2008
	Base Salary (1)	Other Cash Benefits (2)	Other Non Cash Benefits (3)(4)	Total	Total
Chairman of the Board	$ -	$ -	$ -	$ -	$ -
Board members		9,358		9,358	11,692
President	192,989	-	88,342	281,331	260,677
Executive Vice President Academic	154,475	3,090	26,301	183,866	171,915
Vice President College Services	154,567	3,091	27,502	185,160	173,934
Associate Vice President of Community Relations	140,344	2,807	28,015	171,166	164,487
Associate Vice President of Strategic Planning & Research	140,256	7,031	23,159	170,446	155,754
	$ 782,631	$ 25,377	$ 193,319	$ 1,001,327	$ 938,459

(1) Salary includes pensionable base pay.

(2) Other cash benefits include bonuses, overtime, lump sum payments and honoraria.

(3) Other non-cash benefits include:
- Employer's current and prior service cost of Supplemental retirement plan as per note (4) below
- Share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out of country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short term disability plan, professional memberships and tuition.
- Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay, travel allowances and club memberships.

(4) Under the Supplemental Employee Retirement Plan (SERP), employees may receive supplemental retirement payments. Retirement arrangement costs as detailed below are not cash payments in the period but are the period expense for rights to future compensation. Costs reflect the total estimated cost to provide annual pension income over an actuarially determined post employment period. SERP provides future pension benefits to participants based on years of service and earnings. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage. Net actuarial gains and losses of the benefit obligations are amortized over the average remaining service life of the employee group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

Note 16 Salaries and Benefits (continued)

Supplemental Employee Retirement Plan

	2009 Service Cost	2008 Service Cost
President	$ 19,000	$ 19,000
Executive Vice President Academic	5,100	5,100
Vice President College Services	6,300	6,300
Associate Vice President of Community Relations	3,800	3,800
Associate Vice President of Strategic Planning & Research	3,600	3,600
Other employees participating in SERP	7,300	10,700
	$ 45,100	$ 48,500

The accrued obligation for each employee under the SERP is outlined below:

	Accrued obligation June 30, 2008	Changes in accrued obligation	Accrued Obligation June 30, 2009
President	$ 180,500	$ 3,900	$ 184,400
Executive Vice President Academic	16,100	8,100	24,200
Vice President College Services	100,700	11,500	112,200
Associate Vice President of Community Relations	21,300	(700)	20,600
Associate Vice President of Strategic Planning & Research	58,200	22,900	81,100
Other employees participating in SERP	78,100	(12,000)	66,100
	$ 454,900	$ 33,700	$ 488,600

Note 17 Long-term Employee Benefit Liabilities

a) Supplemental Employee Retirement Plan

	2009	2008
Accrued obligation, beginning of year	$ 454,900	$ 477,100
Current service cost	45,100	55,900
Interest cost	29,800	27,800
Benefit payments	(1,100)	
Experience gains	(40,100)	(105,900)
Accrued obligation, end of year	488,600	454,900
Unamortized experience gains	93,400	55,154
Reported liability	$ 582,000	$ 510,054
Current service cost	45,100	48,500
Interest cost	29,800	27,800
Actuarial (gain)/loss amortization	(1,900)	8,200
Total SERP expense	$ 73,000	$ 84,500

Assumptions at end of year

	2009	2008
Discount rate	7.25%	6.25%
Expected average remaining service life of employee	5	5
Salary escalation rate	4.00%	4.00%

The Plan was approved by the Minister of Advanced Education on May 12, 2005.

b) Pension Expense

	2009	2008
Local Authorities Pension Plan	$ 3,085,557	$ 2,816,048
Supplemental Employee Retirement Plan	73,000	84,500
	$ 3,158,557	$ 2,900,548

At December 31, 2008 the Local Authorities Pension Plan reported a deficit of $4.414 billion. (2007 - $1.183 billion).

Note 18 Changes in Non-Cash Working Capital

	2009	2008
Assets:		
(Increases)/Decreases		
Accounts receivable	$ 1,669,199	$ (1,283,524)
Inventories	(214,963)	206,877
Prepaid expenses	11,119	34,602
Liabilities:		
Increases/(Decreases)		
Accounts payable and accrued liabilities	(2,630,163)	2,412,710
Accrued vacation pay	564,330	517,696
Unearned revenue	724,230	174,630
Deferred contributions	657,075	565,215
	$ 780,827	$ 2,628,206

Note 19 Commitments and Subsequent Events

The College has entered into agreements for the provision of leases, facilities maintenance information technology services, utilities and building construction. Facilities maintenance contracts are for building maintenance, cleaning and security while information technology services are for software maintenance and IT Services management. Building construction fees include construction management and engineering fees as well as equipment purchases. Based upon these agreements, future payments are as follows:

	Operating Leases	Facilities Maintenance	Information Technology	Construction/ Infrastructure
2009/2010	$ 99,784	$ 3,702,760	$ 841,383	$ 3,649,585
2010/2011	4,009	3,851,620	635,363	-
2011/2012		-	608,872	-
2012/2013	-	-	594,832	-
2013/2014	-	-	597,401	-
2014/2015			509,229	
	$ 103,793	$ 7,554,380	$ 3,787,080	$ 3,649,585

Note 19 Commitments and Subsequent Events (continued)

Utility Commitments

In order to manage its exposure to volatility in the electrical and gas industry, the Board of Governors has entered into the following contracts:

Electrical: A 5-year contract, beginning September 21, 2006, at a fixed rate of 5.692 cents per kilowatt-hour.

Gas: A 5-year contract, beginning November 1, 2007 to purchase a portion of the total required natural gas in each month at a fixed price of $7.815/GJ. The remainder of consumed natural gas is purchased at the current market rate.

Based on 2009 consumption the annual costs for electricity and gas respectively for the year ending June 30, 2010 are estimated at $1,073,974 and $973,542 (2009 – $1,131,187 and $1,100,286).

Subsequent Events

The College is in the process of entering into a contract with APM Construction Services Inc. pertaining to the Cornerstone renovation. The estimated value of this contract is $1.9 million.

Note 20 Market Adjustment of Investments

	Endowment	Deferred Contributions	Unrestricted	Total
Realized losses in the year	219	657	141,590	142,466
Unrealized losses during the year	(169,726)	(509,179)	(1,753,294)	(2,432,199)
Change in market adjustment during the year	(169,507)	(508,522)	(1,611,704)	(2,289,733)
Market adjustment as of June 30/08	$ 128,566	$ 385,697	$ 1,439,407	$ 1,953,670
Balance market adjustment at June 30/09	$ (40,941)	$ (122,825)	$ (172,297)	$ (336,063)

Note 21 Budget

The budget was approved by the Board of Governors on June 12th, 2008 and has not been audited.

Note 22 Comparative Figures

Certain 2008 figures have been reclassified to conform to the 2009 presentation. Direct fundraising revenue and expenses have been presented on a gross basis (per CICA Handbook Section 4400.37) in order to provide users with a better understanding of the organizations operations.

Note 23 Capital Disclosures

The College defines capital as the amounts included in investment in capital assets, internally restricted net assets, unrestricted net assets and endowments. A portion of the College's capital is externally restricted and the College's unrestricted capital is funded primarily by Alberta Advanced Education & Technology. The College has investment policies, spending policies and cash management procedures to ensure the College meets its obligations,

Under the *Post Secondary Learning Act*, the College must receive ministerial approval for a deficit budget, borrowing and the sale of land or buildings.

Note 24 Approval of Financial Statements

These consolidated financial statements have been approved by the Board of Governors.

The Northern Alberta Institute of Technology

Consolidated Financial Statements

June 30, 2009

The Northern Alberta Institute of Technology

Consolidated Financial Statements

June 30, 2009

Auditor's Report

To the Board of Governors of the Northern Alberta Institute of Technology

I have audited the consolidated statement of financial position of the Northern Alberta Institute of Technology as at June 30, 2009 and the consolidated statements of operations and changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of the Institute's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Institute as at June 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

FCA
Auditor General

Edmonton, Alberta
September 21, 2009

The Northern Alberta Institute of Technology

Consolidated Statement of Financial Position

As at June 30, 2009
(in thousands)

	2009	2008
ASSETS		
Current:		
Cash and short-term investments (Note 3)	$ 16,242	$ 37,963
Accounts receivable (Note 4)	6,531	8,265
Contributions and pledges receivable (Note 5)	4,180	4,372
Inventories (Note 6)	5,120	3,481
Prepaid expenses	2,018	1,834
	34,091	55,915
Contributions and pledges receivable (Note 5)	8,574	8,568
Long-term investments (Note 3)	156,756	107,439
Capital assets (Note 7)	258,720	257,866
	$ 458,141	$ 429,788
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 24,715	$ 27,781
Current portion of employee benefit liabilities (Note 8)	17,793	16,385
Unearned revenue	12,415	12,485
Current portion of long-term leases	82	283
Deferred contributions (Note 10)	17,313	24,107
	72,318	81,041
Deferred capital contributions (Note 11)	44,312	26,183
Employee benefit liabilities (Note 8)	1,390	1,006
Long-term leases	-	48
Unamortized deferred capital contributions (Note 12)	165,080	161,449
	283,100	269,727
Net Assets:		
Invested in capital assets (Note 7)	93,558	96,086
Internally restricted (Note 13)	35,886	34,199
Unrestricted		
Accumulated excess of revenue over expenses	22,057	10,087
Accumulated net unrealized gain on investments (Note 14)	2,394	4,359
Endowments (Note 15)	21,146	15,330
	175,041	160,061
	$ 458,141	$ 429,788

The accompanying notes are part of these consolidated financial statements.

The Northern Alberta Institute of Technology

Consolidated Statement of Operations and Changes in Net Assets

For the Year Ended June 30, 2009
(in thousands)

	2009						2008
	Unrestricted	Internally Restricted (Note 13)	Accumulated Net Unrealized Gain on Investments (Note 14)	Invested in Capital Assets	Endowment	Total	Total
Revenue							
Grants	$ 185,791	$ -	$ -	$ -	$ -	$ 185,791	$ 170,774
Tuition and other fees	39,549	-	-	-	-	39,549	36,528
Earned revenue programs	35,523	-	-	-	-	35,523	36,067
Ancillary services	23,357	-	-	-	-	23,357	22,612
Amortization of deferred capital contributions	13,690	-	-	-	-	13,690	11,381
Sales, rentals, services and other	7,613	-	-	-	-	7,613	5,784
Fundraising and donations	3,959	-	-	-	-	3,959	4,900
Investment earnings (Note 16)	1,156	-	-	-	-	1,156	4,530
Gain on disposal of capital assets	41	-	-	-	-	41	70
	310,679	-	-	-	-	310,679	292,646
Expense (Note 17)							
Salary and benefits (Note 18)	203,868	-	-	-	-	203,868	186,800
Supplies and services (Note 19)	60,349	-	-	-	-	60,349	63,258
Amortization of capital assets	22,583	-	-	-	-	22,583	19,896
Utilities	8,564	-	-	-	-	8,564	8,700
Scholarships, bursaries and prizes	1,608	-	-	-	-	1,608	2,210
Facilities rentals	2,578	-	-	-	-	2,578	1,677
	299,550	-	-	-	-	299,550	282,541
Excess of revenue over expense	11,129	-	-	-	-	11,129	10,105
Net endowment contributions (Note 15)	-	-	-	-	5,816	5,816	2,299
Amortization of assets acquired with unrestricted net assets	8,893	-	-	(8,893)	-	-	-
Book value of capital assets disposed	81	-	-	(81)	-	-	-
Repayment of long-term lease	(249)	-	-	249	-	-	-
Purchases of capital assets	(6,535)	(3,687)	-	10,222	-	-	-
Disbursement in previous year subsequently funded by external sources	4,025	-	-	(4,025)	-	-	-
Release of internally restricted net assets for current operating activities	4,204	(4,204)	-	-	-	-	-
Board allocation to internally restricted net assets	(9,578)	9,578	-	-	-	-	-
Decrease in net unrealized gain on investments (Note 14)	-	-	(1,965)	-	-	(1,965)	(3,902)
Change in net asset balance	11,970	1,687	(1,965)	(2,528)	5,816	14,980	8,502
Net asset balance, beginning of year	10,087	34,199	4,359	96,086	15,330	160,061	151,559
Net asset balance, end of year	$ 22,057	$ 35,886	$ 2,394	$ 93,558	$ 21,146	$ 175,041	$ 160,061

The accompanying notes are part of these consolidated financial statements.

The Northern Alberta Institute of Technology

Consolidated Statement of Cash Flow

For the Year Ended June 30, 2009
(in thousands)

	2009	2008
Operating Activities		
Excess of revenue over expense	$ 11,129	$ 10,105
Non-cash transactions:		
Amortization of capital assets	22,583	19,896
Gain on disposal of capital assets	(41)	(70)
Amortization of deferred capital contributions	(13,690)	(11,381)
Increase in non-current employee benefit liabilities	384	153
Cash generated from operations	20,365	18,703
Changes in non-cash working capital accounts (Note 20)	(7,736)	11,176
Cash generated from operating activities	12,629	29,879
Investing activities:		
Acquisition of capital assets:		
Externally funded	(12,754)	(17,717)
Internally funded	(10,222)	(7,204)
	(22,976)	(24,921)
Proceeds from disposal of capital assets	122	163
Purchase of long-term investments - net	(51,965)	(19,954)
Cash used in investing activities	(74,819)	(44,712)
Financing activities		
Deferred capital contributions	36,413	36,133
Long-term leases - net	(249)	(414)
Endowment contributions	4,305	693
Cash generated from financing activities	40,469	36,412
Change in cash and short-term investments	(21,721)	21,579
Cash and short-term investments, beginning of year	37,963	16,384
Cash and short-term investments, end of year	$ 16,242	$ 37,963

The accompanying notes are part of these consolidated financial statements.

Note 1 Authority and Purpose

The Northern Alberta Institute of Technology (NAIT) is a public, board governed technical institute operated in accordance with the *Post-secondary Learning Act, Chapter P-19.5, Statutes of Alberta, 2003.* NAIT is exempt from payment of income tax under Section 149 of the *Income Tax Act.*

NAIT serves primarily central and northwestern Alberta, offering a variety of career programming in credit, noncredit and apprenticeship formats with opportunities for full and part-time delivery. Certificate, diploma, applied degree and baccalaureate degree programs are offered in a range of career fields including business, mechanical and manufacturing, building sciences, health technologies, media and information technologies, natural resources and environment, hospitality and tourism, electrical, electronics and agricultural programming related to land utilization and the care and training of animals.

Note 2 Significant Accounting Policies and Reporting Practices

a) Consolidation and use of Estimates

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the accounts of NAIT, the Northern Alberta Institute of Technology Foundation and the Fairview College Foundation.

In preparing NAIT's consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. Management believes its estimates to be appropriate; however, actual results could differ from these estimates.

b) Capital Disclosure

Effective July 1, 2008 NAIT adopted CICA Handbook Section 1535, Capital Disclosure, which requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about the entity in regards to capital and whether the entity has complied with any capital requirement and the consequences of if not in compliance.

NAIT's objective for managing capital is:

- In the short-term, to safeguard NAIT's financial ability to continue to deliver post-secondary educational services; and
- In the long-term, to plan and to build sufficient physical capacity to meet future needs for post-secondary educational services. The annual balanced budget is prepared to meet NAIT's operating and capital requirements.

NAIT receives a significant portion of its operating funding monthly from Alberta Advanced Education and Technology and tuition from students at the beginning of each semester. NAIT has investment guidelines (Note 3), spending guidelines and cash management procedures to ensure NAIT can meet its obligations.

Under the Post-Secondary Learning Act, NAIT must receive ministerial approval for deficit budget, borrowing and the sale of any land or buildings.

c) Revenue Recognition

Restricted contributions are recognized as revenue in accordance with the deferral method, as summarized below:

- Contributions, including restricted investment income on endowment net assets are deferred and recognized as revenue in the year in which the conditions of the contribution are met. Unrealized gains and losses on available-for-sale securities attributed to endowment net assets are also recorded in deferred contributions.

- Contributions restricted to the acquisition of capital assets having limited life are initially recorded as deferred capital contributions in the period in which they are received or receivable, and when expended are transferred to unamortized deferred capital contributions and amortized to revenue over the useful lives of the related assets.

- Endowment contributions are recognized as direct increases in net assets.

- Contributions restricted to the acquisition of non-consumable capital assets are initially recorded as deferred capital contributions in the period in which they are received and, when expended, are recognized as direct increases in net assets.

Unrestricted contributions are recognized as revenue when received or when receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

- Unrestricted investment income, which includes interest, dividends and realized gains and losses, is recognized as revenue is earned. Unrealized gains and losses on available-for-sale securities attributed to other net assets are recorded in the consolidated statement of changes in net assets, and are recognized in the statement of operations when realized.

- Revenues received for the provision of goods or services are recognized in the period in which the goods are provided or the services rendered or substantially rendered.

- Tuition fees are recognized as revenue when the related instruction is delivered.

Pledges that can be reasonably estimated and where ultimate collection is reasonably assured are recorded as an asset, with the corresponding amount being recorded as fundraising and donations revenue, deferred contributions, deferred capital contributions or endowment as applicable.

d) Inventories

Inventories of merchandise for resale are valued at the lower of average cost and net realizable value.

e) Financial Instruments

NAIT has classified its significant financial assets and financial liabilities as follows:

- Cash and short-term investments are classified as held-for trading, and are recorded at fair value with changes in fair value recorded through the excess of revenue over expense in each period.

- Long-term investments are classified as available-for-sale, and are measured at fair value with subsequent gains or losses included in net

assets or deferred contributions until the asset is removed from the consolidated statement of financial position.

- Accounts receivable, contributions receivable and pledges receivable are classified as loans and receivable. After initial fair value measurement, they are measured at amortized cost.

- Accounts payable and accrued liabilities and employee benefit liabilities are classified as other financial liabilities. After their initial fair value measurement, they are measured at amortized cost.

Financial Instruments of NAIT are exposed to credit risk, interest rate risk, foreign exchange risk and market risks. NAIT's accounts, contributions and pledges receivables are due from a diverse group of customers and are subject to normal credit risk. The interest rate risk is the risk to NAIT's earnings that arises from the fluctuations in interest rates and the degree of volatility of these rates. The foreign exchange risk is the risk of the rising costs related to purchase transactions in United States Currency and the reduction of amount collected for receivables which are due in United States Currency. The market risk is the risk to NAIT's earnings that arises from the fluctuation and the degree of volatility in the market value of long-term investments. Each of these risks is limited through NAIT's collection procedures, investment guidelines and other internal policies, guidelines and procedures.

f) Fixed income and marketable equity securities

Fixed income and marketable equity securities are classified as available-for-sale (investments held for long-term capital appreciation and generation of income), and are measured at fair value at each reporting date. Fair value for publicly traded securities are based on the closing market prices. NAIT utilizes settlement-date accounting for all purchases and sales of financial assets in its investment portfolio. Fixed income securities are initially recognized at acquisition cost (purchase price plus transaction costs), which reflects any premium or discount at date of purchase, and carried at fair value. Marketable equity securities are also initially recognized at acquisition cost, and subsequently measured at fair value.

g) Capital Assets

Capital assets are amortized on a straight-line basis over the following average useful lives:

Buildings and renovations	40 years
Site improvements	10 years
Leasehold improvements	Lease term
Furnishings, equipment and vehicles	2 to 10 years
Software	2 to 5 years
Library holdings	10 years

h) Employee Future benefits

NAIT and its eligible employees participate in the Local Authorities Pension Plan. The plan is a multi-employer defined benefit pension plan, administered by the Alberta Pensions Administration Corporation, and provide pension for NAIT's employees based on years of service and earnings.

Pension costs included in these consolidated financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the respective pension plan. NAIT's portion of the pension plans' deficit or surplus is not recorded by NAIT.

NAIT maintains a supplemental retirement plan for executive of NAIT. The cost of this plan is actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage. Past service costs and actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the plan members. The most recent actuarial valuation of the obligation was performed for June 30, 2009.

i) Asset Retirement Obligations

Asset retirement obligations are recorded when incurred. The associated retirement costs are capitalized as part of the carrying amount of the assets, and amortized over the useful life of the related asset.

Note 3 Cash, Short-term Investments and Long-term Investments

Cash, short-term investments and long-term investments are recorded at market value, with unrealized gains or losses recorded in deferred contributions or net assets. Market value is based upon the quoted market price of the securities.

NAIT's investment policy is dedicated to optimizing the return on investment while ensuring that the assets of NAIT are at all times prudently invested while minimizing the potential for loss of capital.

Specific guidelines have been established with respect to asset mix, diversification, security, and performance measurement as well as quality, liquidity and term constraints.

In accordance with NAIT's investment guidelines, risk on long-term investment is managed by:

- Requiring that all bonds be rated "A" or better by the Dominion Bond Rating Service or an equivalent recognized rating agency;
- Holding a diversified selection of equities with a minimum of twenty securities and limiting exposure in any one security or issuer to 10% of the equity portfolio.
- Limiting investment in foreign equities to a maximum of 50% of the market value of the total equity portfolio with no funds invested in emerging markets.

a) Cash and Short-term Investments

In addition to cash on hand and on deposit, cash and short-term investments, consisting of Banker's Acceptances and Government of Canada Treasury Bills, all mature within one year and bear interest at a weighted average of 0.24% (2008: 2.95%). The effective yield of 0.24% (2008: 2.95%) represents the rate which discounts future cash receipts to the carrying value at June 30, 2009. Carrying value of these securities approximates market value.

NAIT manages an additional $7,241 (2008: $15,531) of short-term investments as Funds Held on Behalf of Others (Note 23), which are not included in the consolidated financial statements.

NAIT's investment guidelines restrict holdings of short-term investments to high quality, liquid securities where the rate of return performance standard is the return on 91-day Canadian Treasury Bills.

(Financial data expressed in thousands unless otherwise noted)

b) Long-term Investments

	2009			2008		
	Cost Base	Unrealized Gain (Loss)	Market Value	Cost Base	Unrealized Gain (Loss)	Market Value
Government of Canada bonds	$ 32,758	$ 1,345	$ 34,103	$ 24,375	$ 606	$ 24,981
Government of Canada coupon bonds	5,367	394	5,761	3,828	168	3,996
Provincial bonds	24,765	696	25,461	18,661	224	18,885
Corporate bonds	22,899	468	23,367	10,915	30	10,945
Corporate sinking fund bonds	1,972	(148)	1,824	-	-	-
Canadian equities	39,654	(184)	39,470	23,526	3,564	27,090
Foreign equities	26,875	(177)	26,698	21,003	450	21,453
Other	72	-	72	89	-	89
	$ 154,362	$ 2,394	$ 156,756	$ 102,397	$ 5,042	$ 107,439

Cost Base includes the cost of the investments net of unamortized premiums or discounts, and a provision for investments that have a decline in market value below cost that is other than temporary.

	2009	2008
Government of Canada Bonds		
Weighted average years to maturity	6.1 years	5.3 years
Weighted average interest rate	4.47%	4.40%
Effective yield based on purchase price	3.91%	4.27%
Government of Canada Coupon Bonds		
Weighted average years to maturity	6.4 years	7.4 years
Weighted average interest rate	4.18%	4.36%
Effective yield based on purchase price	4.18%	4.36%
Provincial Bonds		
Weighted average years to maturity	9.0 years	8.5 years
Weighted average interest rate	5.20%	5.21%
Effective yield based on purchase price	4.11%	4.10%
Corporate Bonds		
Weighted average years to maturity	4.6 years	3.2 years
Weighted average interest rate	5.09%	5.21%
Effective yield based on purchase price	4.40%	4.61%
Corporate Sinking Fund Bonds		
Weighted average years to maturity	28.3 years	-
Weighted average interest rate	5.67%	-
Effective yield based on purchase price	5.33%	-

Term to maturity of bonds is based upon the contractual maturity of the security. Effective yields represent the rate that discounts future cash receipts to the purchase price.

The Northern Alberta Institute of Technology
Notes to the June 30, 2009 Consolidated Financial Statements
(Financial data expressed in thousands unless otherwise noted)

Note 4 Accounts Receivable

	2009	2008
Canadian accounts receivable	$ 5,401	$ 7,473
Foreign accounts receivable	85	74
Accrued interest on investments	1,045	718
	$ 6,531	$ 8,265

Note 5 Contributions and Pledges Receivable

	2009	2008
NAIT Centre for Apprenticeship Technologies	$ 2,908	$ 3,287
Chairs and Chef in Residence Endowment	2,850	1,500
Program Designated Contributions	2,004	1,372
General Student Awards	1,392	2,717
Centre for Piping Systems Technology	1,200	1,800
Centre for Machinist Technology	940	241
Operating Grants	784	263
Student Awards Endowments	309	129
Centre for Power Engineering Technology	150	600
Centre for Applied Technologies	100	100
Centre for Culinary Arts	59	179
Hands-on Learning Endowments	58	72
Manufacturing Centre	-	600
Aboriginal Centre and Mobile Education Units	-	50
Centre for Chemical Studies	-	20
Program Designated Endowments	-	10
	$ 12,754	$ 12,940
Presented as:		
Current contributions and pledges	$ 4,180	$ 4,372
Non-current contributions and pledges	8,574	8,568
	$ 12,754	$ 12,940

In addition to the above contributions and pledges receivable, NAIT has received commitments from a number of donors for $1,402 (2008: $1,912) in cash contributions that will be received over the next several years. These additional contributions and pledges will be recorded when collection is reasonably assured.

(Financial data expressed in thousands unless otherwise noted)

Note 6 Inventories

	2009	2008
Bookstore and Tech Store	$ 3,953	$ 2,386
Resources and Environmental Management	452	439
General Stores	319	288
Farm Operations	209	207
Maintenance	48	43
Other	139	118
	$ 5,120	$ 3,481

Note 7 Capital Assets

a) Summary of Cost and Net Book Value

	2009			2008
	Cost or Appraised Value	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 34,264	$ -	$ 34,264	$ 34,264
Buildings, leasehold and site improvements	302,674	142,959	159,715	162,112
Furnishings, equipment and vehicles	139,988	89,907	50,081	47,975
Software	13,976	9,448	4,528	4,577
Leased equipment	2,001	1,403	598	856
Library	4,996	2,915	2,081	1,813
Intangibles	16	-	16	23
Projects in progress	7,437	-	7,437	6,246
	$ 505,352	$ 246,632	$ 258,720	$ 257,866

b) Net Book Value of Capital Assets are comprised as follows:

	2009	2008
Externally funded (unamortized deferred capital contributions - Note 12)	$ 165,080	$ 161,449
Internally funded (invested in capital assets)	93,558	96,086
Long-term leases - currrent and non-current portion	82	331
	$ 258,720	$ 257,866

c) Capital Acquisitions

Capital acquisitions during the year included certain donations in kind with a fair value of $541 (2008: $4,409).

d) Purchase Option

As part of the transfer of certain capital assets by the Province in 1978, the Province retained an option to repurchase all or any part of the transferred land and buildings for the nominal amount of $1 per purchase. The recorded net book value of the capital assets transferred is $1,164 (2008: $1,225). Effective July 1, 2009 these capital assets will be transferred to Grande Prairie Regional College – see Note 25.

(Financial data expressed in thousands unless otherwise noted)

Note 8 Employee Benefit Liabilities

		2009		2008
Current portion				
Accrued vacation pay	$	17,194	$	15,803
Management retirement allowance		320		286
Special leave plan		279		296
		17,793		16,385
Non-current portion				
Supplementary retirement plan (Note 9)		570		298
Special leave plan		479		421
Management retirement allowance		341		287
		1,390		1,006
	$	19,183	$	17,391

Note 9 Employee Future Benefits

A Management Retiring Allowance was established in 1988 in response to market conditions. The allowance is $2,000 per year of eligible service. To be eligible to receive this allowance, employees must have been employed in an eligible management position with NAIT prior to July 1, 2002 and also be eligible for retirement benefits from the Local Authority Pension Plan. Managers whose employment with NAIT commenced on or after July 1, 2002 are not eligible for this allowance. The liability is calculated based on management's best estimate of when the eligible employee will retire and a discount rate of 2.25% (2008 4.75%).

NAIT provides compensated absences for its employees under a special leave plan. Under this plan, employees contribute 18% of their gross bi-weekly earnings for a contributory period of four years. For the fifth year, employees receive 82% of their gross salary as of the last day of their contributory period. Alternatively, employees contribute 18% of their gross bi-weekly earnings for a contributory period of two years, and for the subsequent six months, receive 82% of their gross salary as of the last day of their contributory period. NAIT funds the shortfall between the contributed funds, including interest earned, and the gross salary to be paid to the employee during their compensated absence. NAIT's contribution to the total liability under the plan is $405 (2008 $406), and has been discounted at a rate of 0.50% (2008 1.75%).

NAIT's pension expense attributable to the Local Authorities Pension Plan was $13,773 (2008 $12,189), and to the supplemental retirement plan was $273 (2008 $209).

(Financial data expressed in thousands unless otherwise noted)

NAIT has a supplemental retirement plan for its executive, with the accrued benefit obligation, accrued benefit liability, benefit cost and actuarial assumptions as follows:

	2009	2008
Accrued Benefit Obligation		
Balance, beginning of year	$ 1,047	$ 89
Current service cost	133	89
Interest cost	65	51
Actuarial (gain) loss	(322)	63
Prior service cost	-	755
Balance, end of year	923	1,047
Plan Assets	-	-
Funded status of the plan	(923)	(1,047)
Unamortized actuarial (gain) loss	(265)	63
Unamortized prior service cost	618	686
Accrued benefit liability, end of year	$ (570)	$ (298)
Benefit Cost		
Current service cost	$ 133	$ 89
Interest cost	65	51
Prior service costs	-	755
Actuarial (gain) loss in year	(322)	63
Difference between recognized and actual actuarial loss (gain)	328	(63)
Difference between recognized and actual prior service costs	69	(686)
Net benefit cost	$ 273	$ 209

	2009	2008
The significant actuarial assumptions adopted in measuring NAIT's accrued benefit obligations are as follows:		
Discount rate	5.75%	5.50%
Rate of compensation increase		
Until 2010	4.25%	4.25%
Until 2012	0.00%	
Thereafter	2.50%	4.00%
Expected average remaining service life of employees	9 years	10 years

(Financial data expressed in thousands unless otherwise noted)

Note 10 Deferred Contributions

Deferred contributions represent unspent funds externally restricted for non-capital purposes.

	2009	2008
Deferred contributions relating to operating funding		
Contributions:		
Grants - Alberta Government	$ 33,424	$ 36,153
Grants - Other	993	398
Fundraising and donations	1,892	6,389
Earned revenue programs	420	408
Investment earnings	246	627
	36,975	43,975
Transferred to:		
Grants - Alberta Government	(38,357)	(31,700)
Grants - Other	(746)	(447)
Fundraising and donations	(3,058)	(3,584)
Earned revenue programs	(420)	(408)
Investment earnings (Note 16)	(501)	(632)
Endowments (Note 15)	(4)	(5)
	(43,086)	(36,776)
Change in deferred contributions relating to operating funding	(6,111)	7,199
Deferred contributions relating to operating funding, beginning of year	23,424	16,225
Deferred contributions relating to operating funding, end of year	17,313	23,424
Deferred contributions relating to unrealized gain on investments		
Unrealized gain on investments, beginning of year	683	1,349
Change in unrealized gain on investments relating to deferred contributions	(683)	(666)
Unrealized gain on investments, end of year	-	683
Total deferred contributions, end of year	$ 17,313	$ 24,107
The balance consists of funds restricted for:		
Program delivery	$ 3,441	$ 10,218
Scholarships, bursaries and other student support	8,502	9,744
Infrastructure and maintenance	4,321	2,502
Access to the Future - Innovation funding	373	865
Research projects	676	95
Unrealized gain on investments allocated to deferred contributions	-	683
	$ 17,313	$ 24,107

(Financial data expressed in thousands unless otherwise noted)

Note 11 Deferred Capital Contributions

Deferred capital contributions represent unspent funds externally restricted for capital purposes.

	2009	2008
Contributions:		
Grants - Alberta Government	$ 28,837	$ 22,944
Grants - Other Government	306	6,554
Fundraising and donations	5,484	8,741
Investment earnings	823	-
	35,450	38,239
Transferred to unamortized deferred capital contributions (Note 12)	(17,321)	(22,126)
Change in deferred capital contributions	18,129	16,113
Deferred capital contributions, beginning of year	26,183	10,070
Deferred capital contributions, end of year	$ 44,312	$ 26,183
The balance consists of funds restricted for:		
Souch Campus Renewal	$ 15,582	$ -
Major Capital Renovations Projects	13,749	7,578
Centre for Applied Technologies	5,798	7,844
Centre for Piping Systems Technology	2,527	2,509
Health Sciences Equipment Renewal	2,021	4,359
Water & Waste Water Mobile Education Unit	1,401	-
Apprenticeship Program Equipment and Expansion	1,345	2,631
Other Capital	1,225	171
Centre for Instrumentation Technology	644	285
Access to the Future - Innovation	14	84
Alberta North	6	3
Lecture Theatre	-	588
Manufacturing Centre	-	131
	$ 44,312	$ 26,183

(Financial data expressed in thousands unless otherwise noted)

Note 12 Unamortized Deferred Capital Contributions

Unamortized deferred capital contributions represent the external funding of capital assets which will be recognized as revenue in future periods. Changes in the unamortized deferred capital contributions are as follows:

	2009	2008
Balance, beginning of year	$ 161,449	$ 150,704
Add amount transferred from deferred capital contributions (Note 11)	17,321	22,126
Less amortization of deferred capital contributions	(13,690)	(11,381)
Balance, end of year	$ 165,080	$ 161,449

Note 13 Internally Restricted Net Assets

Internally restricted net assets represent those commitments for which the Board has appropriated funds from the unrestricted net assets. These appropriations do not have interest earnings allocated to them. Internally restricted net assets are summarized as follows:

	Balance at beginning of year	Appropriations from (returned to) unrestricted net assets	Disbursements during the year	Balance at end of year
Appropriation for capital activities:				
Centre for Applied Technologies	$ 22,500	$ 7,500	$ -	$ 30,000
Capital Renewal	866	252	(1)	1,117
Northern Campus Development (Note 25)	2,000	(2,000)	-	-
Information Systems Renewal	1,176	(2)	(720)	454
NAIT Centre for Apprenticeship Technologies	321	(281)	(40)	-
NAIT Shell Manufacturing Centre	181	(288)	107	-
NAIT Sandvik Coromant Centre for Machinist Technology	2	-	(2)	-
NAIT Centre for Building Environment Technology	-	1,925	(1,925)	-
Baccalaureate Degrees	-	393	(393)	-
Academic Incentive Plan	-	713	(713)	-
	27,046	8,212	(3,687)	31,571
Appropriation for operating activities:				
Baccalaureate Degrees	5,029	(1,445)	(3,584)	-
Academic Development Fund	-	1,650	-	1,650
novaNAIT Fund	-	1,000	-	1,000
Academic Incentive Plan	1,221	(236)	(460)	525
Innovation Funding	508	283	(81)	710
Coursepack Royalties	390	112	(76)	426
Scholarship and Program Specific	5	-	(1)	4
Information Systems Renewal	-	2	(2)	-
	7,153	1,366	(4,204)	4,315
	$ 34,199	$ 9,578	$ (7,891)	$ 35,886

(Financial data expressed in thousands unless otherwise noted)

Note 14 Net Unrealized Gains on Available-for-Sale Investments

	2009	2008
Net unrealized losses on available-for-sale investments	(7,791)	(5,566)
Net investment loss (gain) realized on available-for-sale investments during the year and reported in the statement of operations	2,033	(1,588)
Decline in value of equity investments that is other than temporary and reported in the statement of operations	3,110	2,586
Decrease in unrealized gain on available-for-sale investments	(2,648)	(4,568)
Balance, beginning of year	5,042	9,610
Balance, end of year	$ 2,394	$ 5,042

Presented as:

	2009			2008
	Endowment net assets, recorded in deferred contributions (Note 10)	Other net assets	Total	Total
Balance, beginning of year	$ 683	$ 4,359	$ 5,042	$ 9,610
Decrease during year	(683)	(1,965)	(2,648)	(4,568)
Balance, end of year	$ -	$ 2,394	$ 2,394	$ 5,042

Note 15 Endowments

Endowments consist of restricted donations to NAIT, the principal of which is required to be maintained intact in perpetuity as well as any internal allocations by the Board. The investment income generated from endowments must be used in accordance with the various purposes established by the donors or the Board.

	2009	2008
Fundraising and donations	$ 5,812	$ 2,294
Transferred from deferred contributions (Note 10)	4	5
Change in Endowments	5,816	2,299
Endowments, beginning of year	15,330	13,031
Endowments, end of year	$ 21,146	$ 15,330
The balance consists of:		
Scholarships and bursaries	$ 13,412	$ 10,100
General	3,289	3,289
Staff Development	4,445	1,941
	$ 21,146	$ 15,330

(Financial data expressed in thousands unless otherwise noted)

Note 16 Investment Earnings

	2009	2008
Investment earnings from unrestricted sources	$ 655	$ 3,898
Investment earnings from restricted sources (Note 10)	501	632
	$ 1,156	$ 4,530

Note 17 Segmented Financial Information

The following provides information on NAIT's operating segments, leading to the calculation of the tuition revenue and net program cost per full load equivalent student for the Certificate, Diploma, Applied Degree and Baccalaureate Degree programs, and the Apprenticeship Training programs and Other programs:

	Note	Certificate, Diploma, Applied and Baccalaureate Degree Programs	Apprenticeship Training Programs	Other Programs and Services	Total
a) Full-load equivalent students (FLE)	(i)				
2008/09		9,527	4,055		13,582
2007/08 (Restated - see Note iv)		9,182	3.798		12,980
b) Tuition and earned revenue	(ii)				
2008/09					
Tuition and other fees		$ 26,151	$ 10,926	$ 2,472	$ 39,549
Earned revenue programs		8,172	-	27,351	35,523
		$ 34,323	$ 10,926	$ 29,823	$ 75,072
2007/08 (Restated - see Note iv)					
Tuition and other fees		$ 24,664	$ 9,813	$ 2,051	$ 36,528
Earned revenue programs		7,568	-	28,499	36,067
		$ 32,232	$ 9,813	$ 30,550	$ 72,595
c) Net program cost	(iii)				
2008/09					
Expenses per financial statements		$ 153,449	$ 94,677	$ 51,424	$ 299,550
Less cost recoveries		(1,208)	(247)	-	(1,455)
		$ 152,241	$ 94,430	$ 51,424	$ 298,095
2007/08 (Restated - see Note iv)					
Expenses per financial statements		$ 145,535	$ 85,786	$ 51,220	$ 282,541
Less cost recoveries		(942)	(282)	-	(1,224)
		$ 144,593	$ 85,504	$ 51,220	$ 281,317
d) Tuition revenue per FLE (in dollars)					
2008/09		$ 3,603	$ 2,694		
2007/08 (Restated - see Note iv)		$ 3,510	$ 2,584		
e) Net program cost per FLE (in dollars)					
2008/09		$ 15,980	$ 23,287		
2007/08 (Restated - see Note iv)		$ 15,747	$ 22,513		

Note (i) – Full-Load Equivalent Students (FLE)
As defined by Alberta Advanced Education and Technology, one full-load equivalent student reflects one student completing the full load for one year of study in a program, or several students combining to complete the equivalent of a normal full load.

Note (ii) - Tuition and Earned Revenue
Tuition and Earned Revenue for the Certificate, Diploma, Applied Degree and Baccalaureate Degree segment consist of all tuition fees for credit FLE's, and include tuition fees from credit continuing education courses that are recorded in the Earned Revenue Programs line on the Consolidated Statement of Operations.

Tuition Revenue for the Apprenticeship Training Program segment consists of all fees charged to apprenticeship students in accordance with the rates approved by Alberta Advanced Education and Technology.

Revenue for the Other Programs and Services segment consist of fees not subject to the Alberta Advanced Education and Technology Tuition Fee Policy as well as all fees charged for non-credit continuing education courses, international education and athletics programs.

Note (iii) - Net Program Cost
Operating expenses are allocated to the operating segments based on the Provincial Program Costing Methodology as recommended by Alberta Advanced Education and Technology.

Net program cost for the Other Program and Services segment consists of all expenses not attributed to the Certificate, Diploma, Applied Degree and Baccalaureate Degree and the Apprenticeship Training program segments. It includes non-credit continuing education courses, international education projects, athletic programs, ancillary operations (Bookstore, Food Services and Parking) and expenses relating to fundraising events of the NAIT Advancement Office.

Note (iv) – Restatement of 2007/08 FLE, Tuition Revenue and Net Program Cost
Certain 2007/08 figures were restated to be consistent with current year's presentation and the final approved FLE and net program cost.

(Financial data expressed in thousands unless otherwise noted)

Note 18 Salary and Benefits

The following disclosure is prepared in accordance with a Treasury Board directive of the Province of Alberta.

	2009				2008
	Base Salary(1)	Other Cash Benefits(2)(3)	Other Non-cash Benefits(4)(6)	Total	Total
Chairman of The Board	$ -	$ -	$ -	$ -	$ -
Board Members	-	-	8	8	7
President and CEO	276	104	161	541	510
Vice President Administration and CFO	205	40	93	338	321
Provost and Vice President Academic	205	40	57	302	280
Vice President External Relations and CDO	186	37	58	281	243
Associate Vice President Capital Projects & Facilities Operations (5)	162	16	24	202	
Associate Vice President, Research & Innovation					182

(1) Base salary includes pensionable base pay.

(2) Other cash benefits include bonuses and honoraria.

(3) The President & CEO received $21 for vacation payouts. This amount is included in Other Cash Benefits above.

(4) Other non-cash benefits include
- NAIT's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long-term disability plans, car allowance, professional memberships required for employment and club membership.
- NAIT's current and prior service cost of the supplementary retirement plan, as outlined below.
- The tuition fee for the two student representatives on the Board of Governors. The Chair and other members of the Board of Governors receive no remuneration for the services they provide as members of the Board of Governors.

The President & CEO has been provided with an automobile by NAIT for which no amount is included in the other non-cash benefits.

(5) The Associate Vice President, Capital Projects & Facilities Operations position was established July 1, 2008. Accordingly no amount was reported for the 2008 year.

(Financial data expressed in thousands unless otherwise noted)

(6) Supplementary Retirement Plan

Under the terms of the supplementary retirement plan (SRP), executive officers may receive supplemental retirement payments. Retirement arrangement costs as detailed below are not cash payments in the period but are period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post employment period. The SRP provides future pension benefits to participants based on years of service and earnings. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage. Net actuarial gains and losses of the benefit obligations are amortized over the average remaining service life of the employee group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

The cost of SRP benefits included in other non-cash benefits are as follows:

	2009				2008
	Current Service Cost	Interest Cost	Prior Service and Other Costs	Total	Total
President and CEO	$ 57	$ 36	$ 44	$ 137	$ 118
Vice President Administration and CFO	27	18	23	68	54
Provost and Vice President Academic	27	5	1	33	22
Vice President External Relations and CDO	22	6	7	35	15

The accrued obligation for each executive under the SRP is outlined in the following table:

	Accrued Obligation June 30, 2008	Service Cost	Interest Cost	Actuarial Gain	Accrued Obligation June 30, 2009
President and CEO	$ 605	$ 57	$ 36	$ (140)	$ 558
Vice President Administration and CFO	301	27	18	(118)	228
Provost and Vice President Academic	54	27	5	(7)	79
Vice President External Relations and CDO	87	22	6	(57)	58

The Northern Alberta Institute of Technology
Notes to the June 30, 2009 Consolidated Financial Statements
(Financial data expressed in thousands unless otherwise noted)

Note 19 Supplies and Services

Supplies and services are summarized by the following major groupings:

	2009	2008
Cost of goods sold	$ 15,816	$ 15,860
Repairs, maintenance and renovations	10,984	11,249
Classroom, lab and office supplies	9,797	10,743
Purchased labour	8,143	7,817
Purchased services	6,007	7,281
Travel, staff development	4,491	4,735
Administrative expenses	2,933	3,072
Meetings, hospitality	1,672	1,590
Fundraising and donations	506	911
	$ 60,349	$ 63,258

Note 20 Changes in Non-Cash Working Capital Accounts

	2009	2008
Accounts receivable	$ 1,734	$ 50
Contributions and pledges receivable	192	(1,188)
Inventories	(1,639)	106
Prepaid expenses	(184)	(556)
Accounts payable and accrued liabilities	(3,066)	2,628
Current portion of employee benefit liabilities	1,408	1,557
Unearned revenue	(70)	1,380
Deferred contributions	(6,111)	7,199
	$ (7,736)	$ 11,176

Note 21 Contractual Obligations

(a) The future minimum payments as of June 30, 2009 under operating leases:

2010	$ 1,398
2011	$ 1,297
2012	$ 1,291
2013	$ 979
2014	$ 313

(Financial data expressed in thousands unless otherwise noted)

(b) Total annual commitment of $25 for operating costs of the Fairview and District Aquatic Centre. Effective July 1, 2009 this commitment is transferred to Grande Prairie Regional College as part of the transfer of the Fairview Campus operations. See Note 25.

(c) As at June 30, 2009 NAIT has outstanding contractual commitments for the following projects:

Souch Campus expansion	$ 11,103
Power Plant Modernization	$ 1,505
General renovations and enhancement	$ 792
Switchgear Replacement	$ 536
Roofing projects	$ 426
Program expansion renovations	$ 210

Note 22 Contingent Liabilities

NAIT is a defendant in a number of legal proceedings. NAIT has recorded a provision in these financial statements based upon Management's estimates of the potential outcome of such proceedings. Additional costs of settling these claims, if any, will be charged to operations upon settlement, which in Management's opinion will not have a material effect on the financial position of NAIT.

NAIT has identified asset retirement obligations for which the fair value cannot be reasonably estimated due to the indeterminate timing and scope of the asset retirement. The asset retirement obligation for these assets will be recorded in the period in which there is sufficient information to estimate fair value.

Note 23 Funds Held on Behalf of Others

NAIT holds the following funds on behalf of others over which the Board has no power of appropriation. Accordingly, these funds are not included in the consolidated financial statements.

	2009	2008
Alberta Association of Colleges and Technical Institutes	$ 3,946	$ 11,428
Alberta Post Secondary Application System Society	2,817	-
Government of Alberta Individual Learning Modules	-	3,603
NAIT Students' Association	478	500
	$ 7,241	$ 15,531

The Northern Alberta Institute of Technology
Notes to the June 30, 2009 Consolidated Financial Statements
(Financial data expressed in thousands unless otherwise noted)

Note 24 Related Party Transactions

NAIT is a Provincial Corporation as all the members of the Board of Governors are appointed by statute (the *Post-secondary Learning Act*) or by combination of orders by the Lieutenant Governor-in-Council and the Minister of Advanced Education and Technology. NAIT received the following grants directly from the Province of Alberta or indirectly through related entities:

	2009			
	Deferred contributions	Deferred capital contributions	Grant revenue	Total
Alberta Advanced Education and Technology				
Regular operating	$ -	$ -	$ 146,268	$ 146,268
Enrolment Planning Envelope funding	25,957	1,404	-	27,361
Conditional	1,559	(1,033)	-	526
Infrastructure Maintenance Program	5,398	81	-	5,479
Souch campus expansion	-	17,000		17,000
High Voltage Switchgear replacement	-	4,800		4,800
ETA Building heat replacement	-	2,700	-	2,700
Access to the Future - Renaissance	-	3,000	-	3,000
Access to the Future - Innovation	(228)	(66)	-	(294)
Alberta Employment, Immigration and Industry	35	-	-	35
David Thompson Health Region	409	903	-	1,312
Alberta Finance & Enterprise	10	-	-	10
Alberta Solicitor General	-	50	-	50
University of Alberta - TEC Edmonton	283	-	-	283
	33,423	28,839	146,268	208,530
Deferred contributions recognized as grant revenue	(38,357)	-	38,357	-
	$ (4,934)	$ 28,839	$ 184,625	$ 208,530

	2008			
	Deferred contributions	Deferred capital contributions	Grant revenue	Total
Alberta Advanced Education and Technology				
Regular operating	$ -	$ -	$ 136,338	$ 136,338
Performance funding	-	-	1,882	1,882
Enrolment Planning Envelope funding	32,926	5,158	-	38,084
Conditional	2,199	1,346	-	3,545
Infrastructure Maintenance Program	(794)	794	-	-
Power plant modernization	-	7,600	-	7,600
NAIT Centre for Applied Technologies	-	5,000	-	5,000
Access to the Future - Innovation	865	84	-	949
NAIT Centre for Apprenticeship Technologies	38	2,962	-	3,000
Alberta Employment, Immigration and Industry	662	-	-	662
Northern Alberta Development Council	7	-	-	7
University of Alberta - TEC Edmonton	250	-	-	250
	36,153	22,944	138,220	197,317
Deferred contributions recognized as grant revenue	(31,700)	-	31,700	-
	$ 4,453	$ 22,944	$ 169,920	$ 197,317

(Financial data expressed in thousands unless otherwise noted)

NAIT provided courses to provincial government departments and participated in the development, sale and offering of certain courses with other public colleges and the Southern Alberta Institute of Technology. The revenues and expenses incurred for these have been included in the consolidated statement of operations but have not been separately quantified. These transactions were entered into on the same business terms as with non-related parties and are recorded at fair market value.

Note 25 Academic Programs in Northwest Alberta

On May 14, 2008, the Minister of Alberta Advanced Education and Technology announced changes to post-secondary academic program delivery and stewardship for students in northwest Alberta, When the transition is complete, learners in the northwest Alberta region will be served by Grande Prairie Regional College and Northern Lakes College.

Effective July 1, 2009 certain assets, liabilities, net assets, revenue and expenses of NAIT will be transferred to Grande Prairie Regional College (GPRC) and Northern Lakes College (NLC) based on the terms and conditions outlined in the respective transfer agreements.

The June 30, 2009 assets, liabilities and net assets of NAIT will be transferred as follows:

	Remain with NAIT	Transfer to GPRC	Transfer to GPRC - Fairview College Foundation	Transfer to NLC	Total
ASSETS					
Current:					
Cash and short-term investments	$ 10,699	$ 4,773	$ -	$ 770	$ 16,242
Accounts receivable	6,496	1	34	-	6,531
Contributions and pledges receivable	4,180	-	-	-	4,180
Inventories	4,873	247	-	-	5,120
Prepaid expenses	1,996	21	-	1	2,018
	28,244	5,042	34	771	34,091
Contributions and pledges receivable	8,574	-	-	-	8,574
Long-term investments	156,756	-	-	-	156,756
Capital assets	244,874	12,607	-	1,239	258,720
	$ 438,448	$ 17,649	$ 34	$ 2,010	$ 458,141
LIABILITIES AND NET ASSETS					
Current:					
Accounts payable and accrued liabilities	$ 24,656	$ 25	$ 34	$ -	$ 24,715
Current portion of employee benefit liabilities	16,735	995	-	63	17,793
Unearned revenue	12,401	9	-	5	12,415
Current portion of long-term leases	82	-	-	-	82
Deferred contributions	16,857	381	-	75	17,313
	70,731	1,410	34	143	72,318
Deferred capital contributions	44,296	16	-	-	44,312
Employee benefit liabilities	1,390	-	-	-	1,390
Unamortized deferred capital contributions	159,134	5,440	-	506	165,080
	275,551	6,866	34	649	283,100
Net Assets:					
Invested in capital assets	85,658	7,167	-	733	93,558
Internally restricted	35,882	4	-	-	35,886
Unrestricted					
Accumulated excess of revenue over expenses	20,057	1,500	-	500	22,057
Accumulated net unrealized gain on investments	2,394	-	-	-	2,394
Endowments	18,906	2,112	-	128	21,146
	162,897	10,783	-	1,361	175,041
	$ 438,448	$ 17,649	$ 34	$ 2,010	$ 458,141

The Northern Alberta Institute of Technology
Notes to the June 30, 2009 Consolidated Financial Statements
(Financial data expressed in thousands unless otherwise noted)

Note 26 Budget

NAIT's Board of Governors approved the following consolidated operating budget at the May 5, 2008 Board meeting. At that meeting, the Board also approved capital expenditures and appropriations of $10,938.

Revenue:		
Grants	$	176,809
Earned revenue programs		41,547
Tuition and other fees		38,948
Ancillary services		22,710
Amortization of deferred capital contributions		10,034
Sales, rentals and services		4,866
Investment earnings		3,763
Fundraising and donations		3,132
		301,809
Expense:		
Salary and benefits		201,244
Supplies and services		66,437
Amortization of capital assets		18,502
Utilities		8,844
Scholarships and bursaries		2,312
Facilities rentals		1,900
Loss on disposal of capital assets		100
		299,339
Excess of revenue over expense		2,470
Adjust for non-cash items		
Amortization of capital assets		18,502
Amortization of deferred capital contributions		(10,034)
Cash available for capital budget and appropriation		10,938
Book value of capital assets disposed		350
Purchase of capital equipment		(6,250)
Repayment of long-term lease		(250)
Release of Internally Restricted Net Assets for current operating activities		5,300
Appropriation to Academic Incentive Plan		(400)
Appropriation to campus development and equipment		(9,688)
Balanced budget	$	-

Effective July 1, 2009 certain academic programs in Northwest Alberta will be transferred to GPRC and NLC (see Note 25). Based on the terms and conditions of the respective transfer agreements, $22.0 million of the above revenue budget and $20.6 million of the above expense budget relate to the operation which will be transferred to GPRC, and $0.8 million of the above revenue budget and $0.6 million of the above expense budget relate to the operations which will be transferred to NLC.

Note 27 Approval of Consolidated Financial Statements

These consolidated financial statements were approved by the Board of Governors.

Southern Alberta Institute of Technology

Consolidated Financial Statements

June 30, 2009

SOUTHERN ALBERTA INSTITUTE OF TECHNOLOGY

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2009

Auditor's Report

To the Board of Governors of the Southern Alberta Institute of Technology

I have audited the consolidated statement of financial position of the Southern Alberta Institute of Technology as at June 30, 2009 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Institute's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Institute as at June 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

FCA
Auditor General

Edmonton, Alberta
September 21, 2009

SOUTHERN ALBERTA INSTITUTE OF TECHNOLOGY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30 (in thousands)	2009	2008
ASSETS		
Current assets:		
Cash and cash equivalents (Note 3)	$ 151,437	$ 134,035
Accounts receivable	7,938	7,331
Inventories (Note 4)	2,116	2,345
Prepaid expenses	387	465
	161,878	144,176
Investments (Note 3)	53,263	41,873
Capital assets (Note 5)	358,348	286,259
	$ 573,489	$ 472,308
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities (Note 6)	$ 48,743	$ 26,639
Deferred revenue (Note 7)	10,426	11,894
Deferred contributions (Note 8)	10,139	22,379
Current portion of employee benefit liabilities (Note 10)	12,748	11,676
Current portion of long-term liabilities (Note 12)	3,126	1,705
	85,182	74,293
Deferred capital contributions (Note 9)	48,915	34,206
Employee benefit liabilities (Note 10)	1,565	1,438
Long-term liabilities (Note 12)	159,003	114,629
Unamortized deferred capital contributions (Note 13)	120,092	108,663
	414,757	333,229
Net assets:		
Unrestricted net assets		
Cumulative excess of revenue over expenses	49,970	34,798
Cumulative net unrealized (losses) gains on investments (Note 14)	(3,046)	11
Invested in capital assets (Note 15)	97,522	91,449
Endowments (Note 16)	14,286	12,821
	158,732	139,079
	$ 573,489	$ 472,308

Contractual obligations and contingencies (Note 17)

Approved by the Board of Governors:

Michael D. Begin
Michael D. Begin
Chair of the Board

Gary L. Bentham, CA
Chair of the Audit Committee

The accompanying notes are part of these consolidated financial statements.

SOUTHERN ALBERTA INSTITUTE OF TECHNOLOGY
CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended June 30		2009		2008
(in thousands)				
Revenue:				
Grants	$	150,225	$	137,637
Earned revenue programs		40,853		38,920
Tuition and related fees		40,311		37,658
Commercial services		21,701		16,439
Sales, rentals and services		6,955		5,415
Investment income (Note 3)		2,339		3,713
Donations, contributions and income on restricted contributions		4,671		3,968
		267,055		243,750
Earned capital contributions (Note 13)		7,942		8,106
		274,997		251,856
Expense:				
Salaries, wages and benefits (Note 19)		156,301		145,833
Supplies and services		45,072		39,460
Repairs and maintenance		13,484		13,021
Utilities		10,052		9,669
Scholarships and projects		3,535		3,017
Interest expense		3,509		1,603
Amortization of capital assets		21,786		19,471
Net loss on disposal of capital assets		13		622
		253,752		232,696
Excess of revenue over expense	$	21,245	$	19,160

The accompanying notes are part of these consolidated financial statements.

SOUTHERN ALBERTA INSTITUTE OF TECHNOLOGY
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the year ended June 30	2009				2008
(in thousands)	Unrestricted	Investment in Capital Assets	Endowments	Total	Total
Excess of revenue over expense	$ 21,245	$ -	$ -	$ 21,245	$ 19,160
Transfers for:					
Acquisition of capital assets	(19,075)	19,075	-	-	-
Repayment of long-term liabilities related to capital assets	(1,705)	1,705	-	-	-
Amortization of capital assets	13,844	(13,844)	-	-	-
Disposition of capital assets	863	(863)	-	-	-
Endowment contributions	-	-	1,466	1,466	639
	15,172	6,073	1,466	22,711	19,799
Change in net unrealized (losses) gains on available-for-sale investments (Note 14)	(3,057)	-	(1)	(3,058)	12
	(3,057)	-	(1)	(3,058)	12
Net assets, beginning of year	34,809	91,449	12,821	139,079	119,268
Net assets, end of year	$ 46,924	$ 97,522	$ 14,286	$ 158,732	$ 139,079

The accompanying notes are part of these consolidated financial statements.

SOUTHERN ALBERTA INSTITUTE OF TECHNOLOGY
CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30	2009	2008
(in thousands)		
Operating Activities:		
Excess of revenue over expense	$ 21,245	$ 19,160
Non-cash transactions:		
Amortization of capital assets	21,786	19,471
Earned capital contributions (Note 13)	(7,942)	(8,106)
Net loss on disposal of capital assets	13	622
Increase in employee benefits	127	141
	35,229	31,288
Changes in non-cash working capital (Note 20)	(7,103)	(5,891)
Cash generated from operating activities	28,126	25,397
Investing Activities:		
Acquisition of capital assets [1]	(94,232)	(50,189)
Purchase of investments, net	(14,448)	(6,209)
Proceeds from disposal of capital assets	850	701
Cash used in investing activities	(107,830)	(55,697)
Financing Activities:		
Proceeds from long-term liabilities	47,500	47,520
Repayment of long-term liabilities	(1,705)	(1,615)
Endowment contributions	1,466	639
Construction payables	16,271	(3,343)
Capital contributions (Note 9)	33,574	28,044
Cash generated from financing activities	97,106	71,245
Increase in cash and cash equivalents	17,402	40,945
Cash and cash equivalents, beginning of year	134,035	93,090
Cash and cash equivalents, end of year	$ 151,437	$ 134,035

[1] Acquisition of capital assets does not include $506 (2008 – $1,855) of contributed equipment and software (Note 13).

The accompanying notes are part of these consolidated financial statements.

SOUTHERN ALBERTA INSTITUTE OF TECHNOLOGY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2009
(thousands of dollars)

NOTE 1 AUTHORITY

The Southern Alberta Institute of Technology operates under the authority of the *Post-Secondary Learning Act*. The Institute provides educational programs to provide a skilled, productive work force for the economic development of Alberta and Canada. The Institute is exempt from payment of income tax and is also a registered charity under the *Income Tax Act*. The Institute was established as a board governed institution on April 1, 1982.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

(a) General and Use of Estimates

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The measurement of certain assets and liabilities is contingent upon future events and, as such, the preparation of these financial statements requires the use of estimates, which may vary from actual results.

(b) Consolidated Statements

The consolidated financial statements include the accounts of the Institute and its subsidiary. The Institute accounts for its interests in jointly controlled entities using the proportionate consolidation method.

(c) Revenue Recognition

Operating grants, including grants from the Province of Alberta, are recognized as revenue in the period earned. Grants received but not earned are deferred and recognized in the subsequent period.

Grants for capital acquisitions, including grants from the Province of Alberta, are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts invested representing funded capital assets and contributions of property are then transferred to unamortized deferred capital contributions. Unamortized deferred capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded. The related portion of amortization expense and the earned capital contributions revenue are matched to indicate that the related amortization expense has been funded.

Unrestricted contributions are recognized as revenue when they are received or receivable. Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined. Unrestricted investment income is recognized in revenue as it is earned. Pledges are recognized as revenue when collected.

Externally restricted non-capital contributions are deferred and are recognized as revenue in the period in which the related expense is incurred. Externally restricted amounts can only be used for purposes designated by external parties. Any externally restricted contributions containing stipulations that the amounts should be retained as net assets or that the contributions should not be expended are recorded as direct increases in net assets. Such stipulations would include contributions made for endowment purposes or to be used to acquire non-amortizable property.

Amounts received for tuition fees and the sale of goods and services are recognized as revenue in the period in which the goods are delivered or the services are provided. Revenue from earned revenue contracts is recognized using the percentage of completion method.

SOUTHERN ALBERTA INSTITUTE OF TECHNOLOGY
(thousands of dollars)

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (CONTINUED)

(d) Cash, Cash Equivalents, and Investments

Cash, cash equivalents, and investments are recorded at market value. Valuations of publicly traded securities are based on quoted market prices (last trade, or bid if no trade has occurred) at the close of business on the balance sheet date. Changes in market value are recognized directly in net assets or the appropriate deferred contributions balance until realized through disposal or impairment.

(e) Capital Assets

As determined by an independent appraisal as at April 1982, land was recorded at fair market value and buildings were recorded at amortized replacement cost. Subsequent additions are recorded at cost.

Furnishings, equipment and computer software are recorded at cost. Donated assets are recorded at fair value at the date of contribution when fair value can be reasonably estimated; otherwise they are recorded at a nominal amount.

Capital assets are amortized on a straight-line basis over the following average useful lives:

Buildings	40 years
Renovations	10 or 25 years
Furnishings, equipment, and library	10 years
Computer servers	3 or 10 years
Vehicles	5 years
Computer hardware and software	3 years
Leasehold improvements	Length of lease

Construction in progress includes the direct construction costs and overhead costs directly attributable to the construction including engineering and legal fees and interest on specific debt, net of investment income, attributed to the construction of capital assets. Construction projects in progress are not amortized until the project is ready for use.

The fair value of a liability for an asset retirement obligation is recognized in the period incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the asset and amortized over its estimated useful life.

When events and circumstances indicate that a capital asset no longer has any service potential, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

(f) Inventories

Inventory of bookstore, materials and supplies merchandise is maintained using the first-in first-out method of costing. All inventory is valued at the lower of cost or net realizable value.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (CONTINUED)

(g) Employee Future Benefits

The Institute participates in the Local Authorities Pension Plan. This pension plan is a multi-employer defined benefit pension plan that provides pensions for the Institute's participating employees based on years of service and earnings. This plan is accounted for as a defined contribution pension plan in the Institute's financial statements because the Institute has insufficient information to apply defined benefit accounting. Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Institute does not record the Institute's portion of the pension plans' deficit or surplus.

The Institute also offers a defined contribution pension plan for eligible employees. The Institute's contributions are based on a percentage of the employee's salary. The pension expense included in these financial statements represents the Institute's required contributions under the plan.

The Institute maintains a supplemental executive retirement plan for certain qualified management of the Institute. The cost of the pension is actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's assumptions about salary escalation and retirement age. Past service costs and actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service term of the active membership of the plan. The most recent actuarial valuation of the obligation was performed for June 30, 2009 and the next actuarial valuation will be performed for June 30, 2012.

The Institute also provides employee future benefits in the form of compensated absences. Costs for these benefits are estimated using reasonable assumptions and are included in these financial statements.

(h) Financial Instruments

The Institute's financial instruments are classified and measured as follows:

Financial Statement Component	Classification	Measurement
Cash and cash equivalents	Available-for-sale	Fair value
Accounts receivable	Loans and receivables	Cost
Investments	Available-for-sale	Fair value
Accounts payable and accrued liabilities	Other liabilities	Cost
Vacation pay	Other liabilities	Cost
Long-term liabilities	Other liabilities	Amortized Cost

The Institute is required to revalue certain financial assets and liabilities at fair value at each reporting date. Available for sale financial assets are measured at fair value with changes in fair value recorded separately in net assets or the appropriate deferred contributions balance until the asset is derecognized. Loans and receivables are recorded at amortized cost with gains and losses recognized in the statement of revenue and expense when the asset is derecognized. Other liabilities are recorded at amortized cost with gains and losses recognized in the statement of revenue and expense when the liability is derecognized.

When it is determined that an impairment of a financial instrument classified as available for sale is other than temporary, the cumulative loss that had been recognized directly in net assets is removed and recognized in the Statement of Operations even though the financial asset has not been derecognized. Impairment losses recognized in the Statement of Operations for a financial instrument classified as available for sale are not reversed.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (CONTINUED)

All derivative financial instruments of the Institute are classified as held for trading. The Institute does not use foreign currency forward contracts or any other type of derivative financial instruments for trading or speculative purposes. Forward contracts are marked to market at the end of each reporting period with any changes in the market value recorded in the statement of operations when the changes occur. The Institute does not use hedge accounting and accordingly is not impacted by the requirements of CICA 3865: Hedges.

The Institute's financial instruments are recognized on their trade date and transaction costs related to financial instruments are expensed as incurred. As permitted for Not-for-Profit Organizations, the Institute has elected not to apply the standards for embedded derivatives (elements of contracts whose cash flows move independently from the host contract) in non-financial contracts.

As permitted for Not-for-Profit Organizations, the Institute has applied CICA 3861: Financial Instruments – Disclosure and Presentation, in place of CICA 3862: Financial Instruments – Disclosures and CICA 3863: Financial Instruments – Presentation.

The Institute's financial instruments are subject to credit risk, interest rate risk, market risk, and commodity price risk. The credit risk for accounts receivable is relatively low as the majority of balances are due from government agencies and corporations. Credit risk is managed through restricting enrolment activities for students with delinquent balances and maintaining standard collection procedures. Interest rate risk is the risk to the Institute's earnings that arises from fluctuations in interest rates and the degree of volatility of these rates. Market risk is the risk to the Institute's earnings that arises from the fluctuations and degree of volatility in the market value of its cash equivalents and investments. Interest rate and market risks are managed through target mixes of investment types designed to achieve optimal returns with reasonable risk tolerances. The Institute is exposed to commodity price risk as a result of substantial electricity and natural gas usage required to operate the Institute's facilities. Commodity price risk is managed through long-term fixed price electricity and natural gas contracts.

(i) Capital Disclosures

Effective July 1, 2008, the Institute adopted CICA 1535: Capital Disclosures. The new standard requires an entity to disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital. The new note disclosure is as follows:

The Institute defines its capital as the amounts included in deferred contributions (Note 8), deferred capital contributions (Note 9), endowment net assets (Note 16), and unrestricted net assets. A significant portion of the Institute's capital is externally restricted and the Institute's unrestricted capital is funded primarily by Alberta Advanced Education and Technology. The Institute has investment policies (Note 3), spending policies and cash management procedures to ensure the Institute can meet its capital obligations.

Under the Post-Secondary Learning Act, the Institute must receive ministerial approval for a deficit budget, borrowing, and the sale of any land or buildings.

(thousands of dollars)

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS

	2009				2008	
	Cash and Cash Equivalents	Long-Term Investments	Total Market	Cost	Total Market	Cost
Cash	$ (5,053)	$ -	$ (5,053)	$ (5,053)	$ (3,815)	$ (3,815)
Money market investments	156,490	20,796	177,286	177,281	143,462	143,460
Bonds	-	12,298	12,298	12,347	12,974	12,899
Equities	-	20,169	20,169	24,824	23,287	23,346
	$ 151,437	$ 53,263	$ 204,700	$ 209,399	$ 175,908	$ 175,890

The overall rate of return for the year was 0.11% (2008 – 2.32%). At June 30, 2009, the effective yield on money market investments was 0.20% (2008 – 2.41%) and on bond investments was 3.42% (2008 – 4.28%). Effective yield represents the rate that discounts future cash receipts to the carrying value at June 30, 2009. Money market investments mature within 90 days. Bond investments have a maturity of up to 23 years with an average term to maturity of 8 years.

The dividend yield on equity investments was 3.50% (2008 – 2.84%). Dividend yield represents the income return based on current market prices, excluding unrealized gains and losses.

The Institute's investment policies limit investments to credit-worthy counterparties and specify minimum and maximum exposures to certain issuers. In addition, fixed income investments must be rated at least "BBB" by a recognized rating agency and no single investment position, excluding investments with the Government of Canada, can represent more than 10% of the investment portfolio.

The cash overdraft was a temporary condition representing cheques issued but not yet cashed. Subsequent to year-end, the majority of these cheques were presented for payment and cleared by the Institute's bank.

The Institute uses foreign currency forward contracts to manage its foreign exchange currency exposure on certain accounts receivable, and has entered into foreign currency forward contracts to minimize exchange rate fluctuations. All outstanding contracts have a remaining term to maturity of less than one year and are held in US dollars. As at June 30, 2009 the fair value of net outstanding foreign currency forward contracts payable is $59 (2008 – Nil).

Earnings on the above investments have been recorded as follows:

	2009	2008
Investment income	$ 2,339	$ 3,713
Deferred contributions and deferred capital contributions	1,732	1,442
Interest earned on loan advance (Note 12)	646	423
Capitalized to endowments	22	142
Total investment income earned	$ 4,739	$ 5,720

Information about unrealized gains and losses on available-for-sale investments is presented in Note 14.

SOUTHERN ALBERTA INSTITUTE OF TECHNOLOGY
(thousands of dollars)

NOTE 4 INVENTORIES

		2009		2008
Bookstore	$	1,831	$	1,981
Material and supplies		285		364
	$	2,116	$	2,345

NOTE 5 CAPITAL ASSETS

	2009						2008	
		Cost		Accumulated Amortization		Net Book Value		Net Book Value
Land	$	23,627	$	-	$	23,627	$	23,627
Buildings and renovations		368,558		174,925		193,633		199,220
Furnishings, equipment, and library		81,798		44,906		36,892		31,769
Vehicles		1,340		1,012		328		285
Computer hardware and software		52,107		41,098		11,009		12,035
Construction in progress		92,859		-		92,859		19,323
	$	620,289	$	261,941	$	358,348	$	286,259

Capital acquisitions during the year included donations in kind in the amount of $506 (2008 - $1,855).

At June 30, 2009, the Institute had assets under capital lease with a cost of $839 (2008 - $839) and accumulated amortization of $398 (2008 - $312).

NOTE 6 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		2009		2008
Construction	$	20,855	$	4,584
Trade		14,794		10,062
Salaries, wages and benefits		9,989		9,696
Other		3,105		2,297
	$	48,743	$	26,639

NOTE 7 DEFERRED REVENUE

		2009		2008
Tuition and student fees	$	8,950	$	10,470
Commercial services and other		1,402		1,125
Earned revenue programs		74		299
	$	10,426	$	11,894

(thousands of dollars)

NOTE 8 DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent funds externally restricted for non-capital purposes.

		2009		2008
Increase during the year:				
Enrolment Planning Envelope and Access grants	$	21,037	$	18,635
Donations		4,325		2,886
Other grants		1,183		1,628
Health Workforce Action Plan grant		-		518
Restricted income		1,381		965
		27,926		24,632
Transfers:				
To grant revenue		(33,748)		(28,664)
To donations, contributions, and income on restricted contributions		(3,535)		(3,011)
(To) from deferred capital contributions (Note 9)		(1,224)		129
		(38,507)		(31,546)
Change in unrealized (losses) on investments (Note 14)		(1,659)		(780)
Balance, beginning of year		22,379		30,073
Balance, end of year	$	10,139	$	22,379

The balance of deferred contributions is comprised of:

		2009		2008
Program delivery	$	7,397	$	18,217
Scholarships		2,234		2,028
Other		508		2,134
	$	10,139	$	22,379

SOUTHERN ALBERTA INSTITUTE OF TECHNOLOGY
(thousands of dollars)

NOTE 9 DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent unspent funds externally restricted for capital purposes.

	2009	2008
Increase during the year:		
Restricted capital grants	$ 28,092	$ 22,764
Donations	3,907	4,932
Transfers from (to) deferred contributions (Note 8)	1,224	(129)
Restricted income	351	477
	33,574	28,044
Transfers to unamortized deferred capital contributions:		
Restricted capital funds	(18,169)	(3,603)
Other grants	(125)	(293)
Donations	(571)	(696)
	(18,865)	(4,592)
Balance, beginning of year	34,206	10,754
Balance, end of year	$ 48,915	$ 34,206

The balance of deferred capital contributions is comprised of:

	2009	2008
Trades and Technology Complex grants	$ 25,629	$ 18,028
Trades and Technology Complex donations	11,783	8,029
Infrastructure Maintenance Program grants	4,806	-
Health Workforce Action Plan grants	3,593	4,194
Enrolment Planning Envelope grants	1,418	1,890
Other grants and donations	1,686	2,065
	$ 48,915	$ 34,206

NOTE 10 EMPLOYEE BENEFIT LIABILITIES

	2009	2008
Current portion		
Accrued vacation pay	$ 12,219	$ 11,373
Supplemental executive retirement plan (Note 11)	227	29
Deferred salary plan	302	274
	12,748	11,676
Long-term portion		
Supplemental executive retirement plan (Note 11)	1,247	1,115
Deferred salary plan	318	323
	1,565	1,438
Total employee benefit liabilities	$ 14,313	$ 13,114

(thousands of dollars)

NOTE 11 EMPLOYEE FUTURE BENEFITS

The Institute provides compensated absences for its employees under a special leave plan. Under this plan, employees contribute 15% of their gross monthly earnings for a contributory period of four years. For the fifth year, employees receive 85% of their gross salary as of the last day of their contributory period. The Institute funds the shortfall between the contributed funds, including interest earned, and the gross salary to be paid in the fifth year. The Institute's contribution to the total liability under the plan is $327 (2008 - $254) and has been discounted at a rate of 5%.

The Institute's pension expense attributable to the multi-employer plan was $9,656 (2008 - $8,291), the Institute's pension expense attributable to the defined contribution plan was $148 (2008 - $116), and the Institute's pension expense attributable to the supplemental executive retirement plan was $330 (2008 - $401).

At December 31, 2008, the Local Authorities Pension Plan ("LAPP") reported a deficiency of $4,413,971 (2007 - $1,183,334). Effective January 1, 2009, the plan increased contribution rates by 0.71% of pensionable earnings up to the Canada Pension Plan's Year's Maximum Pensionable Earnings and 1.02% of the excess for employee and employer.

The Institute has an unfunded supplemental executive retirement plan for its President, Vice-Presidents, and certain qualified management. The defined benefit plan obligations are as follows:

		2009		2008
Accrued benefit obligation				
Balance, beginning of year	$	1,693	$	1,488
Current service cost		220		201
Interest cost		110		93
Benefits paid		-		(89)
Acturial loss in year		116		-
Balance, end of year		2,139		1,693
Plan assets		-		-
Funded status - plan deficit		(2,139)		(1,693)
Unamortized actuarial loss		528		374
Unamortized past service cost		137		175
Accrued benefit liability	$	(1,474)	$	(1,144)
Benefit Cost				
Current service cost	$	220	$	201
Interest cost		110		93
Acturial loss in year		116		-
Difference between recognized and actual past service cost in year		38		71
Difference between recognized and actual actuarial gains in year		(154)		36
	$	330	$	401

The significant actuarial assumptions adopted in measuring the Institute's accrued benefit obligations are as follows:

	2009	2008
Discount rate	5.50%	5.50%
Average compensation increase	4.00%	4.00%
Expected average remaining service life of employees (in years)	11.5	11.5

(thousands of dollars)

NOTE 12 LONG-TERM LIABILITIES

		2009		2008
Construction financing for Parkade (a)	$	95,000	$	47,500
Construction financing for the Tower student residence (b)		49,870		50,816
Construction financing for the East Hall student residence (c)		17,217		17,821
Capital lease obligations (d)		42		197
		162,129		116,334
Less: current portion		(3,126)		(1,705)
	$	159,003	$	114,629

Principal payments during the next five fiscal years on long-term liabilities are as follows:

2009/10	3,127
2010/11	3,259
2011/12	3,427
2012/13	3,602
2013/14	3,787

Interest of $6,355 was paid in 2009 (2008 - $3,586).

(a) Pursuant to a loan agreement with the Alberta Capital Finance Authority, entered into on March 17, 2008, the Institute borrowed the sum of $95,000 to finance the construction of a Parkade. The loan bears interest at 4.8% per annum and matures March 17, 2039. Security pledged for the loan includes all future cash flows generated through the operation of all parking operations. Long-term debt was used to finance $56,290 (2008 - $17,315) in construction costs in the year.

Net interest was capitalized as follows:

		2009		2008
Interest on long-term debt	$	3,666	$	488
Less: Interest earned on loan advance (Note 3)		(646)		(159)
	$	3,020	$	329

(b) Pursuant to a loan agreement with the Alberta Capital Finance Authority, entered into on December 16, 2005, the Institute borrowed the sum of $53,000 to finance the construction of the Tower student residence. The loan bears interest at 4.6% per annum and matures December 16, 2035. Security pledged for the loan includes all future cash flows generated through the operation of this residence. Long-term debt was used to finance $ Nil (2008 - $9,149) in construction costs in the year.

Net interest was capitalized as follows:

		2009		2008
Interest on long-term debt	$	-	$	1,987
Less: Interest earned on loan advance (Note 3)		-		(264)
	$	-	$	1,723

SOUTHERN ALBERTA INSTITUTE OF TECHNOLOGY
(thousands of dollars)

NOTE 12 LONG-TERM LIABILITIES (CONTINUED)

(c) Pursuant to a loan agreement with the Alberta Capital Finance Authority, entered into on June 16, 2000, the Institute borrowed the sum of $21,500 to finance the construction of the East Hall student residence. The loan bears interest at 6.5% per annum and matures June 16, 2025. Security pledged for the loan includes all future cash flows generated through the operation of this residence.

(d) The average implicit interest rate payable on these leases is 7.19% (2008 – 7.50%). Interest of $9 (2008 - $13) has been charged to expense in the year.

NOTE 13 UNAMORTIZED DEFERRED CAPITAL CONTRIBUTIONS

Unamortized deferred capital contributions represent external funding of capital assets which will be recognized as revenue in future periods. Changes in unamortized deferred capital contributions are as follows:

		2009		2008
Transferred from deferred capital contributions (Note 9)	$	18,865	$	4,592
Contributed equipment and software		506		1,855
Transferred to revenue		(7,942)		(8,106)
Increase (decrease) during the year		11,429		(1,659)
Unamortized deferred capital contributions, beginning of year		108,663		110,322
Unamortized deferred capital contributions, end of year	$	120,092	$	108,663

NOTE 14 NET UNREALIZED (LOSSES) GAINS ON AVAILABLE-FOR-SALE INVESTMENTS

		2009		2008
Net unrealized losses on available-for-sale investments arising during the year	$	(2,806)	$	(1,483)
Net investment income realized on available-for-sale investments during the year and reported in the statement of operations		(1,911)		(1,780)
Decrease in unrealized gains on available-for-sale investments		(4,717)		(3,263)
Balance, beginning of year		18		3,281
Balance, end of year	$	(4,699)	$	18

(thousands of dollars)

NOTE 14 NET UNREALIZED (LOSSES) GAINS ON AVAILABLE-FOR-SALE INVESTMENTS (CONTINUED)

	2009				2008
	Deferred Contributions (Note 8)	Unrestricted Net Assets	Endowments	Total	Total
Balance, beginning of year	$ 6	$ 11	$ 1	$ 18	$ 3,281
Decrease during year	(1,659)	(3,057)	(1)	(4,717)	(3,263)
Balance, end of year	$ (1,653)	$ (3,046)	$ -	$ (4,699)	$ 18

NOTE 15 INVESTED IN CAPITAL ASSETS

	2009	2008
Net book value of capital assets (Note 5)	$ 358,348	$ 286,259
Capital assets financed by long-term liabilities (Note 12)	(140,734)	(86,147)
Unamortized deferred capital contributions (Note 13)	(120,092)	(108,663)
	$ 97,522	$ 91,449

NOTE 16 ENDOWMENTS

Endowments consist of restricted donations to the Institute, the principal of which is required to be maintained intact in perpetuity as well as any internal allocations by the Board. The investment income generated from endowments must be used in accordance with the various purposes established by the donors or the Board.

Endowments on a cumulative basis:

	2009	2008
Externally restricted	$ 13,286	$ 11,821
Internal allocations	1,000	1,000
	$ 14,286	$ 12,821

(thousands of dollars)

NOTE 17 CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES

(a) The Institute has entered into contracts for the provision of leases, utilities, and various other services. Utilities contracts are for natural gas, electricity, and steam, while other service contracts are for caretaking services, transit passes, software maintenance and support, graphic and cable services. Under these contracts, future minimum payments are:

		Utilities		Services [1]		Leases
2009/10	$	8,569	$	6,253	$	342
2010/11		8,137		6,206		268
2011/12		8,159		6,442		266
2012/13		6,581		2,205		245
2013/14		-		464		246
Thereafter		-		407		8,607

[1] Included in Services relating to 2010/11 and 2011/12 is $8,517 for contract renewal clauses.

(b) The Institute is defending a number of legal proceedings. The Institute maintains, on a case-by-case basis, provisions for such items when the expected loss is both probable and can be reasonably estimated based on currently available information. Although it is possible that liabilities may arise in other instances for which no provisions have been made, it is the opinion of management that the resolution of these claims will not have a material effect on the financial position of the Institute. The cost of settling these claims, if any, will be charged to operations upon settlement.

(c) As at June 30, 2009, the Institute has commitments of $44,576 for capital projects.

(d) The Institute has identified asset retirement obligations for which the fair value cannot be reasonably estimated due to the indeterminate timing and scope of the asset retirements. The asset retirement obligation for these assets will be recorded in the period in which there is sufficient information to estimate fair value.

SOUTHERN ALBERTA INSTITUTE OF TECHNOLOGY
(thousands of dollars)

NOTE 18 BUDGET

The following budget presented for the year ended June 30, 2009 was approved by the Board of Governors on May 27, 2008:

Revenue:		
Grants	$	145,712
Earned revenue programs		40,133
Tuition and related fees		40,568
Commercial services		23,290
Sales, rentals and services		4,166
Investment income		3,500
Donations, contributions and income on restricted contributions		5,211
		262,580
Earned capital contributions		7,251
		269,831
Expense:		
Salaries, wages and benefits		166,678
Supplies and services		43,717
Repairs and maintenance		14,527
Utilities		11,431
Scholarships and projects		4,311
Interest expense		3,497
Amortization of capital assets		22,309
Net loss on disposal of capital assets		495
		266,965
Excess of revenue over expense	$	2,866

SOUTHERN ALBERTA INSTITUTE OF TECHNOLOGY
(thousands of dollars)

NOTE 19 SALARY DISCLOSURE

The following disclosure is prepared in accordance with a Treasury Board directive of the Province of Alberta.

	2009				2008
	Base Salary [1]	Other Cash Benefits [2]	Other Non-Cash Benefits [3] [4]	Total	Total
Executives:					
President & CEO	$ 217	$ 87	$ 163	$ 467	$ 420
Vice President, Academic	177	58	67	302	281
Vice President, Corporate Services & CFO	177	58	37	272	258
Vice President, Employee & Student Services	177	58	45	280	261
Vice President, External Relations	177	58	51	286	266
Board of Governors:					
Chairman of the Board	-	-	-	-	-
Board Members	-	7	-	7	11

[1] Base salary includes pensionable base pay.

[2] Other cash benefits include performance payments for Executives and honoraria for the Board of Governors. Some Board members do not accept honoraria.

[3] Other non-cash benefits include the Institute's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short- and long-term disability plans, professional memberships, and the employer's current and prior service cost of the unfunded supplemental executive retirement plan ("SERP") as per note (4) below. An automobile is provided to each executive, but no dollar amount is included in the non-cash benefits figure.

[4] Under the terms of the SERP, executive officers may receive supplemental retirement payments. Retirement arrangement costs as detailed below are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post employment period. The SERP provides future pension benefits to participants based on years of service and earnings. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage. Net actuarial gains and losses of the benefit obligations are amortized over the average remaining service life of the employee group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

SOUTHERN ALBERTA INSTITUTE OF TECHNOLOGY
(thousands of dollars)

NOTE 19 SALARY DISCLOSURE (CONTINUED)

The cost of SERP benefits included in other non-cash benefits are as follows:

		2009		2008
	Current Service Cost	Prior Service and Other Costs	Total	Total
President & CEO	$ 102	$ 40	$ 142	$ 116
Vice-President, Academic	16	30	46	44
Vice-President, Corporate Services & CFO	18	1	19	18
Vice-President, Employee & Student Services	16	11	27	25
Vice-President, External Relations	16	14	30	28

The accrued obligation for each executive under the SERP is outlined in the following table:

	Accrued obligation, June 30, 2008	Changes in accrued obligation	Accrued obligation, June 30, 2009
President & CEO	$ 525	$ 185	$ 710
Vice-President, Academic	267	30	297
Vice-President, Corporate Services & CFO	18	16	34
Vice-President, Employee & Student Services	118	23	141
Vice-President, External Relations	139	24	163

NOTE 20 CHANGES IN NON-CASH WORKING CAPITAL

	2009	2008
Accounts receivable	$ (607)	$ 2,499
Inventories	229	79
Prepaid expenses	78	29
Accounts payable and accrued liabilities	5,833	(3,970)
Deferred revenue	(1,468)	1,326
Deferred contributions	(12,240)	(6,908)
Current portion of employee benefit liabilities	1,072	1,054
	$ (7,103)	$ (5,891)

SOUTHERN ALBERTA INSTITUTE OF TECHNOLOGY

(thousands of dollars)

NOTE 21 SEGMENTED INFORMATION

For purposes of internal management and decision making, the Institute divides its operations into four reportable business streams: Grant Funded, Earned Revenue, Commercial Services and Fund Development. The Grant Funded stream includes all programs supported by Alberta Advanced Education and Technology. The Earned Revenue stream provides career development, continuing education and corporate customized training. Commercial Services consists of Food Services, Bookstore, Parking, Graphics, Student Residence, Conference Services and Campus Centre. Fund Development provides all fundraising initiatives at the Institute in the areas of unrestricted donations, project scholarships, capital projects and equipment.

The accounting policies of the segments are the same as those described in the significant accounting policies in Note 2.

	Academic Streams		Non-Academic Streams			
For the year ended June 30, 2009	Grant Funded Programs	Earned Revenue	Commercial Services	Fund [5] Development	Inter-departmental Eliminations	Total
Revenue	$ 207,825	$ 40,853	$ 26,582	$ 4,889	$ (5,152)	$ 274,997
Direct cost [1]	78,096	19,383	17,739	3,535	(5,152)	113,601
Academic support [2]	33,299	6,921	-	-	-	40,220
Support services [3]	45,939	5,667	-	4,023	-	55,629
Institutional costs [4]	18,994	-	-	-	-	18,994
Interest expense	-	-	3,509	-	-	3,509
Net amortization & loss on disposal	19,245		2,554	-	-	21,799
Total expenses	195,573	31,971	23,802	7,558	(5,152)	253,752
Net	$ 12,252	$ 8,882	$ 2,780	$ (2,669)	$ -	$ 21,245
Full-load equivalent students ("FLE") [6]	9,398	3,336	-	-	-	12,734
Academic program cost per FLE student [7]	$ 20,478	$ 9,560	$ -	$ -	$ -	$ 17,618

For the year ended June 30, 2008	Grant Funded Programs	Earned Revenue	Commercial Services	Fund [5] Development	Inter-departmental Eliminations	Total
Revenue	$ 192,665	$ 38,920	$ 21,092	$ 4,169	$ (4,990)	$ 251,856
Direct cost[1]	71,333	20,135	15,236	3,011	(4,990)	104,725
Academic support[2]	30,166	6,798	-	-	-	36,964
Support services[3]	39,359	5,621	-	4,000	-	48,980
Institutional costs[4]	20,352	-	-	-	-	20,352
Interest expense	-	-	1,603	-	-	1,603
Amortization & loss on disposal	18,620	-	1,452	-	-	20,072
Total expenses	179,830	32,554	18,291	7,011	(4,990)	232,696
Net	$ 12,835	$ 6,366	$ 2,801	$ (2,842)	$ -	$ 19,160
Full-load equivalent students ("FLE")[6]	9,003	3,690	-	-	-	12,693
Academic program cost per FLE student[7]	$ 19,811	$ 8,800	$ -	$ -	$ -	$ 16,610

SOUTHERN ALBERTA INSTITUTE OF TECHNOLOGY
(thousands of dollars)

NOTE 21 SEGMENTED INFORMATION (CONTINUED)

(1) Direct cost represents direct department cost of delivering programs. Direct cost includes salaries, wages, contracts and benefits as well as non-personnel costs such as supplies and services and repairs and maintenance.

(2) Academic support includes all administration costs directly held in academic departments. Academic support includes salaries, wages, contracts and benefits as well as non-personnel costs such as supplies and services and repairs and maintenance for academic and academic support departments.

(3) Support services include operating expenses for departments supporting the Institute's operations. This item includes the following departments; Executive Offices, Finance, Facilities Management, Information Systems, Human Resources, Marketing, Communications, Alumni & Development, Corporate Training and Customer Services. Costs included within these departments include, but are not limited to, student registrations, student counseling, student health services, custodial services, security, cashiers, shipping and receiving, software and technical services. Support services are allocated to earned revenue and fund development where specific costs can be identified and could include work groups within departments, entire departments or other non personnel costs.

(4) Institutional costs are related to the operations of the Institute as a whole rather than the operations of any particular department. These costs include, but are not limited to, facility renovation projects, utilities, investment fees, insurance premiums, bank charges, legal fees, and worker's compensation premiums. Institutional costs have not been allocated to Earned Revenue or Fund Development.

(5) Fund development is an integral part of a post secondary institution. Activities include not only unrestricted donations but project scholarship endowment and capital fundraising as well. Funds recognized in revenue in the current year only reflect total funds expended and do not represent total funds raised. Total funds raised in 2009 were $11,702 and in 2008 were $11,015.

(6) As defined by Alberta Advanced Education and Technology, one full-load equivalent (FLE) student reflects one student completing the full load for one year of study in a program, or several students combining to complete the equivalent of a normal full load. For programs where a year of study requires 24 to 36 weeks, an individual student taking a full load will earn one FLE. A student completing the requirements for a program less than 24 weeks will earn less than one FLE for a full year of study. Similarly, a student completing the requirements for a program greater than 36 weeks will earn more than one FLE for a full year of study. The FLE computation for a short program is based on a 32 week program of study. Apprenticeship Training Programs use 30 weeks as the standard length for FLE computations for one year of study in a program.

Programs are designed by the Institute - curriculum, program length and delivery mode.

The number of FLE students enrolled in courses during the year is calculated by:

(i) accumulating the student hours (contact or equivalent) of a student through an academic year,
(ii) dividing the accumulated student hours by the hours required to complete a year of study in a program, and
(iii) aggregating the numbers for all students.

(7) Academic program cost per student hour is calculated based on total expenses less specific cost recoveries, divided by the number of student hours. Academic program cost per FLE is calculated based on total expenses less specific cost recoveries, divided by the number of FLEs. Cost recoveries include consulting fees, Highwood food sales and miscellaneous sales and services. Cost recoveries in 2009 totaled $3,117 for Grant Funded Programs and $84 for Earned Revenue. Cost recoveries in 2008 totaled $1,476 for Grant Funded Programs and $82 for Earned Revenue.

(thousands of dollars)

NOTE 22 RELATED PARTY TRANSACTIONS

The Institute is a Provincial Corporation as all the members of the Board of Governors are appointed by a combination of orders by the Lieutenant Governor in Council and the Minister of Advanced Education and Technology. Grants received in the year from the Province of Alberta were recorded as follows:

	2009		2008	
	Recognized in Revenue	Deferred [1]	Recognized in Revenue	Deferred [1]
Alberta Advanced Education and Technology:				
Operating grant	$ 116,819	$ -	$ 107,433	$ -
Enrolment Planning Envelope	20,175	1,586	8,053	15,241
Health Workforce Action Plan Grant	-	-	-	518
Performance Envelope Funding	-	-	1,543	-
Trades and Technology Complex	-	17,000	-	13,000
Access to the Future Fund	-	3,000	-	3,000
Chiller Replacement Grant	-	-	-	1,337
Infrastructure Maintenance Program	239	5,704	-	-
Miscellaneous grants	303	100	461	574
	137,536	27,390	117,490	33,670
Other provincial departments and agencies:				
Miscellaneous grants	208	150	52	127
	$ 137,744	$ 27,540	$ 117,542	$ 33,797

[1] Grants were recorded in Deferred Contributions, Deferred Capital Contributions, or Unamortized Deferred Capital Contributions at June 30.

During the year, the Institute conducted business transactions with related parties, including Ministries of the Province of Alberta, other public colleges, and corporations for which certain Board members of the Institute served as management. The revenue earned from these business transactions amount to $5,106 (2008 – $4,167) and are included in these financial statements. These transactions were entered into on the same business terms as with non-related parties and are recorded at fair market values. At June 30, 2009, the Institute has amounts receivable from the Province of Alberta of $1,706 (2008 - $598) and amounts payable to the Province of Alberta of $79 (2008 – $411).

The Institute owns the land and building currently being used by the Alberta College of Art and Design ("ACAD"). This use is granted through a facility license agreement in place between the Institute and ACAD. The term of the license is through a renewable contractual agreement between the two parties determined at the pleasure of the Minister of Advanced Education and Technology. The Institute has Infrastructure Maintenance Program ("IMP") funds totaling $446 to be utilized for the maintenance of the building being used by ACAD. During the year, $328 was utilized for this purpose. The land, building and IMP funds have not been recorded in these financial statements.

(thousands of dollars)

NOTE 23 INTEREST IN JOINT VENTURES

The Institute has a 33% ownership interest in PanGlobal Training Systems Limited ("PanGlobal"), a joint venture with the Northern Alberta Institute of Technology and the British Columbia Institute of Technology. PanGlobal is involved in the production and marketing of Power Engineering multimedia learning products.

The Institute has a 49% ownership interest in SAIT National Polytechnic (ME) LLC ("SNPME"), a joint venture with the National Professional Training & Development Institute in the United Arab Emirates. SNPME was incorporated on April 25, 2006 and is involved in the provision of technical training and consulting services for the energy industry in the United Arab Emirates. The Institute receives 50% of the net profits and losses recorded by SNPME.

Interests in PanGlobal and SNPME are proportionately consolidated in the Institute's financial statements as follows:

		2009		2008
Total assets	$	339	$	486
Total liabilities	$	759	$	703
Revenue	$	820	$	1,110
Expense		794		990
Net income	$	26	$	120
Cash provided from operating activities	$	139	$	350
Cash provided (used in) investing activities	$	(40)	$	-
Cash provided (used in) financing activities	$	(134)	$	(24)

NOTE 24 FUNDS HELD ON BEHALF OF OTHERS

The Institute has no equity in the following funds and administers them on behalf of others. Accordingly, these funds are not included in the consolidated financial statements:

		2009		2008
Alberta Online Learning (eCampus Alberta)	$	3,206	$	3,567
Alberta Association in Higher Education for Information Technology		606		555
Alberta College of Art and Design		446		501
Other		139		9
	$	4,397	$	4,632

NOTE 25 PLEDGES

Outstanding pledges at June 30, 2009 are $19,661 (2008 - $17,553) and have not been recorded as accounts receivable.

NOTE 26 COMPLIANCE WITH THE CHARITABLE FUNDRAISING ACT AND REGULATION

The following disclosure is prepared in accordance with the *Charitable Fundraising Act* and *Charitable Fundraising Regulation* of the Province of Alberta.

The total non-personnel expense incurred for the purpose of soliciting contributions was $665 (2008 - $513). The total amount paid as remuneration to employees of the Institute whose principal duties involve fundraising was $1,235 (2008 - $1,242).

NOTE 27 COMPARATIVE FIGURES

Certain June 30, 2008 figures have been reclassified to conform to the current year presentation.